

## TANZANIA INVESTMENT CENTRE DAR ES SALAAM

### PROGRESS REPORT

(Information required for the project's progress report after every six months or for amendment of Certificate of Incentives)

**1. Planned Activities for the period**

Expansion of production capacity from 12million litres per annum to 36million litres per annum.

**2. Achievements made on the project implementation to date:**

**(i.e. from the date the project was approved to the date of writing the report)**

Expansion of production capacity of paints manufacturing. 80% of planned project is achieved, our new production line is fully functional. This project has generated additional capacity of 12 million litre of paints per year and more than 150 direct employment of Tanzanians that has now doubled to 350 now from beginning of the project.

**Describe the status of activities that have already been undertaken e.g. construction of buildings, acquisition of supplies, installation of equipment etc.**

- a. In order to facilitate capacity expansion, we entered in to JV with NHC, and built 2 new warehouses that was completed between 2007 and 2009 in the factory premises.
- b. Further space required for expansion was augmented by taking adjacent private land and building on long term lease.
- c. New paint making machineries and material handling equipment were imported in 3 phases over the period of last 5 years.
- d. Investment in adequately equipped Lab that helps us maintain best quality at all times. This also helped us acquire TBS marks for all our main products that is subject to stringent quality tests.
- e. All the above activities required financial outlay (both capital plus working capital) of more than USD 3m

**3. Provide updated information on the following aspects;**

S/No.	Information	Description	Current Project Status
1.	Shareholder's Information	Current Shareholders names, nationality and percentage of ownership.	As per attached annual return of BRELA
2.	Company Communication Information	Email address	srini@goldstarpaints.co.tz
		Mobile Number	0754783786
		Land line Telephone Number	2861677
		Physical address (Plot No., Block No., Street, District, and Region)	Plot No 106 Block-B Mwakalinga Street Changombe, Temeke, Dar es Salaam
3.	Contact Person	Name	Kulathu Srinivasan
		Position	Director
		Communication details (Email, Mobile and Telephone Numbers)	<a href="mailto:srini@goldstarpaints.co.tz">srini@goldstarpaints.co.tz</a> 0754783786 2861677
4.	Incorporation	Certificate of Incorporation No.	3773
5.	TIN Information	TIN Certificate No.	100-102-870
6.	Project Objective	Project Core Activity	Paints Manufacturing
7.	Capacity	Project Capacity per year	36 Million litre
8.	Direct Employment	Foreign Men	20
		Foreign Women	0
		Local Men	290
		Local Women	60
9.	Indirect Employment	Estimated Total No.	3000-4000
		Type/ Area of indirect employment	Dealers, Retailers, Contractors

#### 4. Project Financial Expenditure to date (USD)

	Foreign (USD)	Local (USD)	Total (USD)
Land and Buildings	0	350,000	350,000
Plant and Machinery	1,500,000	300,000	1,800,000
Vehicles/ Aircrafts	0	500,000	500,000
Furniture	0	200,000	200,000
Office Equipment	200,000	100,000	300,000
Insurance Cover	0	65,000	65,000
Pre-operational expenses	0	0	0
Working Sub-total capital			
<b>GRAND TOTAL</b>	<b>1,700,000</b>	<b>1,515,000</b>	<b>3,215,000</b>

#### 5. Project Financing

Explain how the project is being financed e.g. equity, loans, sources of loans, conditions, etc. See table below.

	Amount (USD)	Source Country
Local Equity	0	Tanzania
Local Loans	1,215,000	Tanzania
Foreign Equity	2,100,000	Shareholders
Foreign Loans	0	0
<b>Total Investment</b>	<b>3,215,000</b>	<b>3,215,000</b>

#### 6. Problems and Solutions

(Explain problems, which the management is encountering in executing the project and steps being taken to solve them)

- A. Due to lack of availability of skill and experience required for positions that is essential for our industry and for continuous growth and scaling up of technology/ systems/ capacities, we have to retain experts from overseas over a long period of time. Though we do train and empower local manpower, and retain them to achieve greater heights, with the current ongoing projects in hand, it is extremely difficult if not impossible to attain our objectives. We are sure the Govt recognizes us as large tax payers and employers that are critical parameters to encourage us to contribute more on this front and therefore takes note of this requirement positively.
- B. Uninterrupted supply of electricity: we encountered huge problems due to frequent power cuts that was hindering growth and progress of the project. We therefore invested in 800KW capacity Gensets that could power our factory's requirement whenever there is power outage.
- C. Paint is our core business but we produce Tin packaging inhouse due to lack of suppliers in the local market. This requires us to constantly upgrade technology and invest in new equipment to cater to our needs.

#### 7. Future Plans

(Explain future plans for next coming six months and planned financial commitments)

Tanzania is a growing market, and we need to continuously upgrade our infrastructure and expand capacities. We are currently planning to improve through put time to achieve efficiencies and economies of scale. We are also emphasising on training of workers to adapt to use mechanised working (like in filling and material handling) that greatly reduces physical load on workers. Environment that includes better sanitation and effluent treatment & disposal that was worked upon for last 5 years is being continuously upgraded. Our plan is to make it a modern and model factory with highest safety standards. We are currently investing Tsh500m to upgrade our new warehouse and workshop apart from refitting our admin block and provide canteen facilities to staff and workers. As pointed out above we are in the process of upgrading TIN packaging division that is costing in excess of USD100,000. All these activities are funded by combination of internal accruals/ bank borrowings and shareholders infusions.

#### 8. Recommendations and any other comments

We are a responsible corporate citizen and have contributed immensely to economic development of the country. It is no less of an accomplishment that we were awarded one of the TOP 50 brands in building sector by TPSF and TBS in 2017. In order for us to continue to excel and in our sector, we will need to hire and retain foreign workers who are experts in their field to achieve company's and country's objective of regular high growth.