



THE UNITED REPUBLIC OF TANZANIA  
**PRIME MINISTER'S OFFICE**  
**TANZANIA INVESTMENT CENTRE**

FILE BEGINS	ENDS	PART
FILE TITLE		FILE NUMBER TICC
PART	<b>CONFIDENTIAL</b>	PP. 10
FILE NUMBER		042195

PP. 10  
042195

INDEX HEADINGS

Office or Section	To	From	Date	Action taken vide F/M	Initials	Date	Action taken vide F/M
DIF	SI	SI	13/2/12				
DIF	SI	SI	13/2/12				
Ag. Exm	SI	SI	20/3/12				
DIF	SI	SI	23/4/12				
Khasa	SI	SI	28/5/12				
Ag. Exm	SI	SI	28/5/12				
DIF	SI	SI	30/9/12				
Adm	SI	SI	30/9/12				

S · M HOLDINGS LTD

# MINUTE SHEET

Dokezo  
No.

1.0

## Ag. EXD

The approved project has fulfilled the investment requirements, which are: -

- (a) Minimum finance investment threshold has been exceeded, the project expects to invest US\$ 1.0M
- (b) Legal entity has been incorporated under certificate

No. 34882 of 30<sup>th</sup> September 1998

Based on the above, the letter of approval is hereby submitted for signature in order for the project to comply with the requirements of Section 17 of Tanzania Investment Act, 1997.

Submitted for signature.



N.A. Senzia

**DIF**

20<sup>th</sup> March, 2012

2.0

## EXD

In response to the TIC letter of registration dated March 2012

the project has submitted the required documents namely: -

- (a) Company Board Resolution.
- (b) Reference letter/Financing from Standard Chartered Bank
- (c) Title deed as evidence of land.

With the above submission EXD is requested to sign Certificate of Incentives No. 042195 herein attached.

26/03/2012



DIF

# MINUTE SHEET

Dokezo  
No.



THE COMPANIES ORDINANCE  
( CAP. 212 )

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COMPANY LIMITED BY SHARES

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**MEMORANDUM**

AND

**ARTICLES OF ASSOCIATION**

OF

**S. M. HOLDINGS LIMITED**

---

Incorporated this 30<sup>th</sup> day of September 1998

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Presented By :  
S. M. Nahdi  
A Director of the Company  
P. O. Box 268  
MOROGORO

THE COMPANIES ORDINANCE  
( CAP. 212 )

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COMPANY LIMITED BY SHARES

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**MEMORANDUM**

**AND**

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**OF**

**S. M. HOLDINGS LIMITED**

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Incorporated this 30<sup>th</sup> day of September 1998

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Presented By :  
S. M. Nahdi  
A Director of the Company  
P. O. Box 268  
MOROGORO

THE UNITED REPUBLIC OF TANZANIA

## Certificate of Incorporation

No. 34882

I HEREBY CERTIFY THAT

**S. M. HOLDINGS LIMITED**

is this day incorporated under the Companies Ordinance (Cap.212) and that the company is Limited.

Given under my hand at Dar es Salaam this 30<sup>th</sup> day of September  
One thousand nine hundred and ninety eight.

Registrar of Companies

THE COMPANIES ORDINANCE (CAP. 212)  
COMPANY LIMITED BY SHARES  
MEMORANDUM OF ASSOCIATION  
OF  
S. M. HOLDINGS LIMITED

- 12087  
05096  
09899  
09-9-78
- 6006  
06/09/98  
299-9
1. The name of the company is " S. M. HOLDINGS LIMITED " .
2. The Registered Office of the company will be situated in Mainland Tanzania.
3. The objects for which the company is established are :-
- (a). To carry on all or any of the businesses of farmers, planters, growers, land, estates and plantation owners, ranchers, ginners, dairymen, milk contractors, buyers, sellers, importers, exporters, stockists of all kinds of cash crops, food crops, agricultural and farm produce of all kinds including livestock farming, fish farming, poultry farming, seeds farming, organic farming, ginning, logging, grazing, flour and oil milling, and all such products of the soil and waters : to prepare, preserve, cure, blend, refine, treat, manufacture and render marketable any such produce either in its prepared, manufactured, raw or other state and either by wholesale or retail.
- (b). To purchase, take on lease or on option or otherwise acquire all kinds of lands, farms, ranches, plantations, estates, ginners, fuel pumps and petrol stations, waterways, quarries and mines and to develop and commercially exploit the same : to carry on the businesses of agricultural and irrigation engineers, cotton ginners, saw millers and timber merchants, earth movers, land clearers, transporters, quarry owners, aggregates and soil merchants and to run, operate, hire or otherwise deal in all kinds of agricultural machinery, tools and equipments : to run and operate for commercial gain or otherwise training and demonstration farms and to act as trainers, consultants and advisors on modern methods of farming and farm economics.
- (c). To carry on the business of flour and oil milling including manufacturing preparing and marketing of livestock, cattle, animal and poultry feed: to import, manufacture, buy, sell or distribute chemical and organic fertilizers, pesticides, fungicides and all inputs necessary for commercial farming.
- (d). To carry on all or any of the businesses of importers, exporters, traders, manufacturers, investors, promoters, financiers, management consultants, property developers, real estate agents, concessionaries, commercial agents, commission agents, brokers, indenting agents, manufacturers' representatives insurance agents, clearing and forwarding agents, hoteliers, travel agents, tour operators, money changers, bureau de' change, transporters, carriers, couriers, rent collectors, debt collectors and generally to undertake and execute agencies and commission of any kind: to act as directors, secretaries and personnel agents.
- (e). To carry on the business of mine and quarry owners, mining engineers, mineral and metal merchants, smelters, metallurgists, assayers: To search for, win, get, quarry, smelt, calcine, refine, dress, reduce, amalgamate and prepare for market ores, metals and mineral substances of all kinds whether by surface, underground or underwater mining
- (f). To carry on the business of dealers, agents, stockists, distributors of petrol and petroleum products, diesel, kerosene, cooking gas, motor oils, lubricants, battery acids, distilled waters, tobacco and tobacco products, cigarettes, tea, coffee, soft drinks, aerated water, mineral water, distilled water, battery acids, motor oils, lubricants, chemicals, minerals, precious and semi-precious stones, gemstones, spares of all kinds, hardware, sanitary-ware, glass-ware, ceramics, building materials, iron-mongery, spare parts for all kinds of machinery and motor vehicles, tyres, tubes, batteries, fertilizers, pesticides, insecticides, fungicides, all kinds of human and veterinary medicines, and generally to deal in manufactured goods of all kinds and merchandise of every description: To acquire and take over by way of purchase, assignment, exchange, transfer or otherwise all or any part of the undertaking and business now carried on under the name and style, ' S. M. HOLDINGS ' .

- (g). To carry on any other business which may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of the company's property or rights.
- (h). To procure the registration of the company in or under the laws of any place outside Tanzania and establish depots and agencies in different parts of the world for the purpose of carrying on any or all of the business of the company
- (i). To enter into arrangements and contracts with Government or authorities supreme municipal local or otherwise or any corporations companies or persons having objects that may seem conducive to the company's objects or any of them and to obtain from any such Government authority corporation company or persons any charters contracts decrees rights privileges and concessions.
- (j). To open and to operate accounts with any Bank or Banks and to receive money on deposit or loan and to borrow or raise or secure the payment of money in such manner as the company shall think fit and in particular by the issue of debenture stock certificate or other securities perpetual or otherwise charged upon all or any other company's rights and property (present and future) including any uncalled capital with or without such security.
- (k). To amalgamate with or enter into partnership or into any arrangement for sharing of profits, union of interest, co-operation, joint venture, mergers, reciprocal concession or otherwise with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which this company is authorised to carry on or engage in any business or transaction capable of being conducted so directly or indirectly to benefit this company AND to take or otherwise acquire shares and securities of any such company and sell, hold, re-issue with or without guarantees or otherwise deal with the same.
- (l). To promote another company for the purpose of acquiring all or any of the properties and liabilities of this company or for any other purpose which may seem directly or indirectly calculated to benefit this company.
- (m). To erect maintain or alter on any land any show-rooms, dark-rooms, factories, warehouses, storehouses or buildings for carrying on or to be used in connection with the business of the company.
- (n). To act as trustees of any deed constituting or securing any debentures, debenture stock or other security or obligation and to execute and undertake any other trust, either gratuitously or for remuneration.
- (o). To let on lease or hire the whole or any part of the real and personal property of the company on such terms as the company shall determine: To arrange for, secure and participate in the investigation, formulation and carrying out of projects for the development of industry, tourism, transport and/or for the production of foodstuffs and raw materials in Tanzania.
- (p). To sell or dispose of the undertaking and property of the company or any part thereof for such consideration as the company may think fit and in particular for shares, debentures or securities of any other company having objects altogether or in part similar to those of this company.

- (q). Generally to purchase, take on lease, or in exchange, hire or otherwise acquire real and personal property and any rights or privileges which the company may think necessary or convenient for the purpose of its business and in particular land buildings easements machinery plant and stock in trade.
- (r). To invest and deal with moneys of the company not immediately required upon such securities and in such manner as the company may from time to time determine.
- (s). To remunerate any person or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of the shares in the company's capital or any debentures or other securities of the company or the conduct of its business.
- (t). To lend and advance money and give credit to such persons or companies as may seem expedient and in particular to members of the company and customers and others having dealings with the company and to guarantee the performance of contracts by such person or persons.
- (u). To distribute any property of the company or part thereof in specie among the members.
- (v). To draw, make, accept, endorse, discount, execute, and issue cheques, promissory notes bills of exchange, bills of lading, warrants, debentures and other negotiable or transferrable instruments.
- (w). To adopt such means of making known the products of the company as may seem expedient and in particular by sponsorship and by advertising in the press or in any other media, circulars, by purchase and exhibition of works, art or interest, by publication of books, posters, periodicals and by granting prizes, rewards and donations
- (x). To pay the expenses of and preliminary and incidental to the promotion, establishment and registration of the company or of any other company promoted, formed, established or registered by the company and all brokerage, discount and other expenses lawfully payable which may at any time and from time to time be deemed expedient for taking, placing or underwriting all or any of the shares, debentures and other obligations of the company so promoted established, formed or registered by the company.
- (y). To obtain all powers and authorities necessary to carry out or extend any of the above objects.
- (z). To apply for or join in applying for purchase or by other means acquire and protect, prolong and renew whether in Tanzania or elsewhere any patents, patent rights, brevets d'invention, licences, protections and concessions which may appear likely to be advantageous or useful to the company and to use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting, testing and making researches and in improving or seeking to improve any patents, inventions or rights which the the company may acquire or propose to acquire.
- (aa). To do all or any of the any of the above things in any part of the world as principals, agents, contractors, trustees or otherwise alone or in conjunction with others and to do such other things as are incidental or conducive to the attainment of the above objects.




- (bb) To purchase with a view to closing or reselling or otherwise dealing with in whole or in part any business or properties which may be deemed likely to injure by competition or otherwise any business or branch of business which the company is authorised to carry on.
- (cc) To establish and support funds, trusts, clubs, associations, institutions calculated to benefit the Directors, members, employees or former employees of the company or any of its predecessors in business or of any company which is a subsidiary of the company or is called thereto or associated therewith or dependents or connections of such persons and to grant or provide pensions and allowances. to make or enter into arrangements for the provision of life assurance policies, pensions or other benefits and to pay or contribute towards payment of premiums in respect of any such policies, pensions or benefits calculated to benefit all or any persons associated or formerly associated with the company.

IT IS HEREBY DECLARED THAT :-

- a) The word "Company" in this clause except where used in reference to this company shall be deemed to include any partnership or other body of person whether incorporated or not incorporated and whether domiciled in Tanzania or elsewhere: and
  - b), the objects specified in each of the paragraphs of this clause shall be regarded as independent objects, and accordingly shall in no way be limited or restricted (except where otherwise expressed in such paragraphs) by reference to or inference from the terms of any paragraphs or the name of the company, but may be carried out in as full and ample a manner and construed in as wide a sense as if each of the said paragraphs defined the objects of a separate and distinct company.
4. The liability of the Members is limited.
  5. The initial share capital of the company is Shillings 1,000,000,000/= divided into 100,000 shares of Shillings 10,000/= each with power to increase the capital and to divide the shares in the capital for the time being into several classes and to attach thereto any preferential, deferred, qualified or special rights, privileges or conditions.

In the event of the company being wound-up, the holders of the shares shall be entitled to the whole of the assets of the company in proportion to the amount credited as paid up on each share.

WE the several persons, whose names, addresses, and descriptions are subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the company set opposite our respective names.

Names, Postal Addresses, and occupations of each Subscriber	Number of shares taken by each Subscriber	Signatures of Subscribers
SALEH MBARAK NAHDI P. O. BOX 268 MOROGORO COMPANY DIRECTOR	400	
ANISA MBARAK BALLETH P. O. BOX 268 MOROGORO HOUSEWIFE	300	
FAHAD SALEH NAHDI P. O. BOX 268 MOROGORO COMPANY DIRECTOR	300	

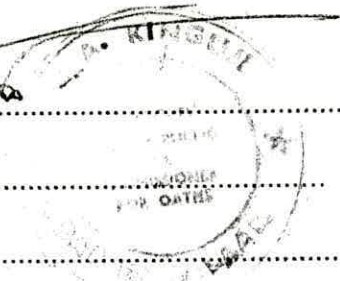
DATED at Dar es salaam this 28<sup>th</sup> day of Sept 1998

WITNESS to the above signatures :-

Signature .....

Postal Address .....

Qualification .....



THE COMPANIES ORDINANCE (CAP. 212)

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

S. M. HOLDINGS LIMITED

P R E L I M I N A R Y

1. In these presents, if not inconsistent with the subject or context:-

- (a) " The Ordinance" means the Companies Ordinance Chapter 212 of the Laws of Tanganyika as amended from time to time:
- (b) " These presents" means these Articles of Association as originally framed or as from time to time altered by Special Resolution:
- (c) " The Office" means the registered office of the Company.
- (d) " The Board" means the Board of Directors of the Company.
- (e) " The Seal" means the Common Seal of the Company.
- (f) " Month" means calendar month.
- (g) " YEAR" means a year from 1st January to the 31st December inclusive.
- (h) " The Secretary" includes a temporary or assistant Secretary and any person appointed by the Board to perform any of the duties of the Secretary of the Company.
- (j) "Dividend" includes a bonus.
- (k) Words importing the singular number only shall include the plural number and vice versa.
- (l) Words importing the masculine gender shall include the feminine gender.
- (m) Words importing persons shall include corporations.
- (n) Expressions referring to writing shall be construed as including references to printing, lithography, photography and other modes of representing or reproducing words in a visible form.

Save as aforesaid, words or expressions contained in these presents shall, if not inconsistent with the subject, or context bear the same meaning as in the Ordinance or any statutory --- modification thereof in force at the date at which these presents become binding on the company.

2. The regulations contained in Table A in the First Schedule to the Ordinance shall not apply to the Company.
3. The Company is a private company and accordingly :-
  - (a) the right to transfer shares is restricted in the manner hereinafter prescribed;
  - (b) the number of Members for the time being of the Company (exclusive of persons who are in the employment of the Company and of persons who, having been formerly in the employment of the Company, were while in such employment and have continued after the determination of such employment to be Members of the Company) is not to exceed fifty;  
  
Provided that for the purposes of this provision where two or more persons hold one or more shares in the Company jointly they shall be treated as a single Member;
  - (c) the Company shall not have power to issue share warrants to bearer;
  - (d) any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.

#### S H A R E S

4. (a) The Share Capital of the Company is Tanzania Shillings One Billion (T. Shs. 1,000,000,000/=) divided into One Hundred Thousand (100,000) ordinary shares of Tanzania Shillings Ten Thousand (T. Shs. 10,000/=) each.
  - (b) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the company may be issued with such preferred, deferred or other special rights of such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by special resolution determine.
5. Subject to the provisions of Section 47 of the Ordinance any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as the Company before the issue of the shares may by special resolution determine.
6. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of an extraordinary resolution passed

at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of these presents relating to general meetings shall apply but so that the necessary quorum shall be a persons or persons holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person pr by proxy may demand a poll.

7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise ----- expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

8. The Company may exercise the powers of paying commissions ---- conferred by Section 44 of the Ordinance: Provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said section and the rate of the commission shall not exceed the rate of 10 per cent. of the price at which the shares, in respect whereof the same is paid, are issued or an amount equal to 10 per cent. of such price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

9. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partical interest in any share or any interest in any fractional part of a share or (except only as by these presents or by law otherwise provided) any other rights in respect of any shares except an absolute right to the entirety thereof in the registered holder.

10. Every person whose name is entered as a Member in the Register of Members shall be entitled, without payment, to receive within two months after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares, or several certificates each for one or more of his shares, upon payment of Shs.2/50 for every certificate after the first or such less sum as the Board shall from time to time determine. Every certificate shall be under the Seal and shall specify the shares to which it relates and the amount paid up thereon: Provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

11. If a share certificate is defaced, lost or destroyed, it may be renewed on payment of a fee of Shs.2/50 or such less sum and on such terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses of the Company of investigating evidence as the Board thinks fit.

12. The Company shall not give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security

or otherwise, any financial assistance for the purpose of, or in connexion with, a purchase or subscription made or to be made by any person of or for any shares in the company or in its holding company, nor shall the Company make a loan for any purpose whatsoever on the security of its shares or those of its holding company, but nothing in these presents shall prohibit transactions mentioned in the proviso to Section 46(1) of the Ordinance.

L I E N

13. The Company shall have a first and paramount lien on every share standing registered in the name of a single person for all moneys presently payable by him or his estate to the Company, but the Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien (if any) on a share shall extend to all dividends payable thereon.

14. The Company may sell in such manner as the Board thinks fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy.

15. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

16. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue (if any) shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

C A L L S    O N    S H A R E S

17. The Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times; Provided that no call shall be payable at less than one month from the date fixed for payment of the last preceding call, and each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company, at the time or times and place so specified, the amount called on his shares, A call may be revoked or postponed as the Board may determine.

18. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed, and may be required to be paid by instalments.

19. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

20. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding twenty-five per cent per annum, as the Board may determine, but the Board shall be at liberty to waive payment of such interest wholly or in part.

21. Any sum which, by the terms of issue of a share, becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purpose of these presents, be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable; and, in case of non-payment, all the relevant provisions of these presents as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

22. The Board may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the time of payment.

23. The Board may, if it thinks fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him upon all or any of the moneys so advanced may (until the same would, but for such advance, become payable) pay interest at such rate not exceeding (unless the Company in General Meeting shall otherwise direct) twenty-five per cent per annum, as may be agreed upon between the Board and the Member paying such sum in advance.

#### TRANSFER OF SHARES

24. The instrument of transfer of any shares shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

25. Subject to such of the restrictions of these presents as may be applicable, any Member may transfer all or any of his shares by instrument in writing in any usual or common form, or any other form which the Board may approve.

26. The Board may, in its absolute discretion and without assigning any reason therefor, decline to register any transfer of any share, whether or not it is a fully paid share.

27. The Board may also decline to recognise any instrument of transfer unless it is accompanied by the Certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer, and the instrument of transfer is in respect of only one class of share.

28. If the Board refuses to register a transfer it shall, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

29. The registration of transfers may be suspended at such times and for such periods (not exceeding a total of thirty days in any year) as the Board may from time to time determine.

#### TRANSMISSION OF SHARES

30. In case of the death of a Member the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased, where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

31. Any persona becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence being produced as may from time to time properly be required by the Board, and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the Board shall, in either case have the same right to decline or suspend registration as it would have had in the case of a transfer of the share by that Member before his death or bankruptcy, as the case may be.

32. If the person becoming so entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered, he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice of transfer were a transfer signed by that Member.

33. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share,

be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company: Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and, if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

#### FORFEITURE OF SHARES

34. If a Member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment or so much of the call or instalment as is unpaid, together with any interest which may have accrued.

35. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that, in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.

36. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

37. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Board thinks fit.

38. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.

39. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration (if any) given for the share on any sale or disposition thereof, and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of, and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money (if any) nor shall

his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

40. The provisions of these presents as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### ALTERATION OF CAPITAL

41. The Company may from time to time by ordinary resolution increase its share capital by such sum, to be divided into shares of such amount as the resolution shall prescribe.

42. The Company may from time to time by ordinary resolution:-

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) sub-divide its existing shares or any of them, into shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provisions of Section 51(1)(d) of the Ordinance;
- (c) cancel any shares which, at the date of the passing of the resolution have not been taken or agreed to be taken by any person.

43. Subject to the provisions of these presents and to any direction given by the Company in General Meeting any issued or new shares of the Company shall be at the disposal of the Board, which may allot, grant options over or otherwise dispose of them to such persons, at such time and for such consideration and upon such terms and conditions as the Board may determine, but so that no shares shall be issued at a discount except in accordance with Section 48 of the Ordinance.

44. The new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

45. The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with and subject to, any incident authorised and consent required by law.

#### GENERAL MEETINGS

46. An ordinary general meeting of the Company shall be held once in every calendar year at such time (not being more than fifteen months after the holding of the last preceding ordinary general meeting) and place as the Board shall appoint. Each such meeting shall be specified as an ordinary general meeting in the notices calling it and shall be held in addition to any other general meetings in that year.

47. All general meetings other than ordinary general meetings shall be called extraordinary general meetings.

48. The Board may, whenever it thinks fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by Section 114 of the Ordinance. If at any time there are not within the Mainland Tanzania sufficient Directors capable of acting to form a quorum, any Director or any two Members of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Board.

#### NOTICE OF GENERAL MEETINGS

49. Every general meeting shall be called by twenty-one days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and, in the case of special business, the general nature of that business, and shall be given in manner hereinafter mentioned or in such other manner (if any) as may be prescribed by the Company in general meeting, to such persons as are, under these presents, entitled to receive such notices from the company: provided that a meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in these presents, be deemed to have been duly called if it is so agreed by all the Members entitled to attend and vote thereat.

50. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

#### PROCEEDINGS AT GENERAL MEETINGS

51. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all business that is transacted at an ordinary general meeting with the exception of ~~declaring~~ a dividend, the consideration of the accounts, balance sheets and the reports of the Board and of the Auditors and the appointment of, and the fixing of the remuneration of, the Auditors.

52. No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business; save as herein otherwise provided, two members present in person or by proxy shall be a quorum.

53. If within fifteen minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Board may determine and if at the

adjourned meeting a quorum is not present within fifteen minutes from the time appointed for the meeting the Member, or Members, present shall be a quorum.

54. The Chairman (if any) of the Board shall preside as Chairman at every general meeting of the Company or, if there is no such Chairman, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act, the Directors present shall choose one of their number to be Chairman of the meeting.

55. If at any meeting no Director is willing to act as Chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present shall choose one of their number to be Chairman of the meeting.

56. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

57. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the results of the show of hands) demanded by the Chairman or any Member present in person or by proxy. Unless a poll be so demanded a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the book of proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution. The demand for a poll may be withdrawn.

58. Except as provided in Article 60, if a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

59. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands take place, or at which the poll is demanded, shall not have a second or casting vote.

60. A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith, A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

61. Subject to the provisions of the Ordinance, a resolution in writing signed by all the Members for the time being entitled to receive notice of and to attend and vote at general meeting (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Members or duly authorised representatives concerned.

#### VOTES OF MEMBERS

62. Subject to any rights or restrictions for the time being attached to any class or classes of shares, every Member present in person or by proxy shall on a show of hands have one vote and on a poll have one vote for each share of which he is the holder.

63. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

64. A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian appointed by that Court, and any such committee or other legal guardian may vote by proxy.

65. No Member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

66. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.

67. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Member of the Company.



by resolution of its board of directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of the Company. A corporation which is a Member of the Company will be deemed to be present in person by its representative duly authorised under this Article.

#### DIRECTORS

73.(1) Until otherwise determined by the Company in general meeting the Directors shall not be less than two and not more than seven in number.

(2) The first Directors of the Company shall be as follows :

1. SALEH MBARAK NAHDI
2. ANISA MBARAK BALLETH
3. FAHAD SALEH NAHDI

(3) The Company in general meeting may appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Without prejudice to the power of the Company in general meeting (but subject to any limitation for the time being on the total number of Directors) a person may also be appointed to be a Director (either to fill a casual vacancy or as an addition to the existing Directors) by instrument in writing executed by or on behalf of Members of the Company holding a majority of the shares of the Company for the time being carrying the right of voting at general meetings and such appointment shall take effect upon such instrument being left at the Office.

74. The remuneration of the Directors shall from time to time be determined by the Board. Such remuneration shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Board or of any committee of the Board or general meetings of the Company, or in connexion with the business of the Company.

75. No shareholding qualification for Directors shall be required.

76. A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a Director or Officer of, or from his interest in, such other company unless the Company otherwise directs.

77. Subject to any special provisions of his appointment limiting the term of his tenure of office, every Director for the time being of the Company, howsoever appointed, shall remain a Director until he vacates office pursuant to the provisions

#### BORROWING POWERS

78. The Board may from time to time at its discretion exercise all the powers of the Company to borrow, raise and/or secure the payment of any sum or sums of money for the purposes of the Company.

79. The Board may raise, and/or secure the payment or repayment of, such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and, in particular, by the issue of debentures of the Company charged upon the undertaking and all or any of the property (both present and future) and the uncalled capital of the Company for the time being.

80. The Board shall cause a proper register of charges to be kept in accordance with Section 88 of the Ordinance and shall duly comply with the requirements of Section 79, 80 and 81 of the Ordinance in regard to the registration of charges therein specified and otherwise.

#### POWERS AND DUTIES OF DIRECTORS

81. The management of the business of the Company shall be vested in the Board which, in addition to the powers and authorities by these presents or otherwise expressly conferred upon it, may exercise all such powers and do all such acts and things as may be exercised or done by the Company and are not hereby or by the Ordinance expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Ordinance and of these presents and to any regulations, being not inconsistent with the aforesaid provisions, from time to time made by the Company in general meeting: Provided that no regulations so made shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.

82. The Board may from time to time and at any time by power of attorney appoint any Company, firm or person or body of persons whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

83. The Company may exercise the powers conferred by Section 33 of the Ordinance with regard to having an official seal for use abroad, and such powers shall be vested in the Board.

84. The Company may exercise the powers conferred upon the Company by sections 104 to 107 (both inclusive) of the Ordinance with regard to the keeping of a branch register, and the Board may (subject to the provisions of those sections) make and vary such regulations as it may think fit respecting the keeping of any such register.

85. (1) A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Board in accordance with section 150 of the Ordinance.

(2) A Director shall be at liberty to vote in respect of any contract or proposed contract with the Company in which he is directly or indirectly interested, and may be counted in the quorum present at any meeting at which such contract or proposed contract is considered.

(3) A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board may determine, and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.

(4) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company, or whereat the terms of any such appointment are arranged, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms thereof.

(5) Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director: Provided that nothing herein contained shall authorise a Director or his firm to act as Auditor to the Company.

86. All cheques, promissory notes, drafts, bills of exchange and other negotiable and transferable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.

87. The Board shall cause minutes to be made in books provided for the purpose :-

- (a) of all appointments of the officers by the Board;
- (b) of the names of the Directors present at each meeting of the Board and of any committee of the Board;
- (c) of all resolutions and proceedings at all meetings of the Company and of the Board and of any such committee as aforesaid;

and every Director present at any meeting of the Board or of a committee of the Board shall sign his name in a book to be kept for that purpose.

88. The Board on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

#### DISQUALIFICATION OF DIRECTORS

89. The office of a Director shall be vacated if the Director :-

- (a) ceases to be a Director by virtue of section 142 of the Ordinance, or
- (b) becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (c) becomes prohibited from being a Director by reason of any order made under section 213 or 269 (4) of the Ordinance; or
- (d) becomes of unsound mind; or
- (e) resigns his office by notice in writing to the Company; or
- (f) is removed from office by an ordinary resolution of the Company or by an instrument in writing executed by or on behalf of Members of the Company holding a majority of the shares of the Company for the time being carrying the right of voting at general meetings.

#### PROCEEDINGS OF THE BOARD

90. The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the Chairman shall not have a second or casting vote.

91. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be two.

92. The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to the regulations of the Company as the necessary quorum of Directors, the continuing Directors or Director may act for the purpose of summoning a general meeting of the Company, but for no other purpose.

93. The Board may elect a Chairman of its meetings and determine the period for which he is to hold office; but if no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.

94. The Board may delegate any of its powers to committees consisting of such number of members of its body as it thinks fit. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

95. The meetings and proceedings of any committee shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board under the last preceding Article.

96. A resolution in writing signed by all the Directors for the time being (or by their respective alternates appointed under Article 101 with authority to sign such resolution) or by all the members of a committee for the time being shall be as valid and effectual as if it had been passed at a meeting of the Board, or as the case may be, of such committee duly called and constituted. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or members of the committee concerned.

97. All acts done by any meeting of the Board or of a committee of the Board or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or member of such committee or person acting as aforesaid, or that they or any of them were disqualified or had vacated office, be as valid as if every such person had been duly appointed or was not disqualified or had continued in office.

#### MANAGING DIRECTORS

98. The Board may from time to time appoint one or more of its body to the office of Managing Director for such period and

on such terms as it thinks fit and subject to the terms of any agreement entered into in any particular case, may revoke such appointment. A Managing Director shall ipso facto cease to be a Managing Director if he ceases for any cause to hold the office of Director.

99. A Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits or partly in one way and partly in another) as the Board may determine.

100. The Board may entrust to and confer upon a Managing Director any of the powers exercisable by it upon such terms and conditions and with such restrictions as it may think fit, and either collaterally with or to the exclusion of its own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

#### ALTERNATE DIRECTORS

101. Any Director may at any time appoint any Director or other person to be an alternate Director of the Company in his place and may at any time remove from office any alternate Director so appointed by him. An alternate Director shall not be entitled as such to receive any remuneration from the Company but he shall be entitled to perform in the place of his appointor such of the functions of his appointor as a Director of the Company as his appointor shall by the instrument of appointment prescribe. The same person may be appointed as an alternate Director by any number of Directors. An alternate Director appointed for the purpose of attending and voting at meetings of the Board shall be entitled to receive notices of all such meetings and to attend and be counted in the quorum and vote at any such meeting at which his appointor is not present. An alternate Director shall have a vote in respect of each appointor in whose place he is entitled to vote and (if himself a Director) may exercise such vote or votes in addition to his own vote at a meeting: Provided always that nothing in this Article shall enable the Chairman or a Managing Director to delegate to an alternate Director any of the special powers or authorities vested in the Chairman or such Managing Director as the case may be by these presents or by the Board or shall enable more than one vote to be cast at any meeting of the Board on behalf of the same appointor.

102. All appointments and removal of alternate Directors shall be effected by instrument in writing under the hand of the Director making or revoking such appointment and shall take effect upon such instrument being left at the office. An alternate Director shall ipso facto cease to be an alternate Director if his appointor ceases for any reason to be a Director.

#### SECRETARY

103. The Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit: and any Secretary so appointed may be removed by the Board.

104. No person shall be appointed or hold office as Secretary who is :-

- (a) the sole Director of the Company; or
- (b) a corporation the sole Director of which is the sole Director of the Company; or
- (c) the sole Director of a corporation which is the sole Director of the Company.

105. A provision of the Ordinance or these presents requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

#### THE SEAL

106. The Board shall provide for the safe custody of the Seal. The Seal shall be used only by the authority of the Board, and every instrument to which the Seal shall be affixed shall be signed by two Directors or by a Director and by some other person appointed by the Board for the purpose.

#### DIVIDENDS AND RESERVE

107. The Company in general meeting may from time to time declare dividends but no such dividend shall exceed the amount recommended by the Board.

108. The Board may from time to time pay to the Members such interim dividend as appear to the Board to be justified by the profits of the Company.

109. No dividend shall be paid otherwise than out of profits.

110. The Board may before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may from time to time think fit. The Board may also, without placing the same to reserve, carry forward any profit which it may think prudent not to divide.

111. Subject to the rights of persons (if any) entitled to shares with special rights as to dividend all dividends shall

be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purpose of this Article as paid up on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share be issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

112. The Board may deduct from any dividend payable to any Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the company.

113. Any general meeting declaring a dividend may direct payment of such dividend wholly or partly by the distribution of specific assets and, in particular, of paid up shares, debentures or debenture stock of any other company, or in any one or more such ways, and the Board shall give effect to such resolution and where any difficulty arises in regard to such distribution the Board may settle the same as it thinks expedient, and, in particular, may issue fractional certificate and fix the value for distribution of such specific assets or any part thereof, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may invest any such specific assets in trustees as may seem expedient to the Board.

114. Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing from time to time direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable in respect of the shares held by them as joint holders.

115. No dividend shall bear interest against the Company.

#### A C C O U N T S

116. The Board shall cause proper books of account to be kept with respect to :

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the Company;
- (c) the assets and liabilities of the Company.

Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

117. The books of account shall be kept at the office or at such other place as the Board thinks fit, and shall always be open to inspection by the Directors.

118. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have the right of inspecting any account or book or document of the Company except as conferred by statute or authorised by the Board or by the Company in general meeting.

119. The Board shall from time to time, in accordance with sections 123 to 129 (both inclusive) of the Ordinance, cause to be prepared and to be laid before the Company in general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are referred to in those sections.

120. A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting, together with a copy of the Auditor's report shall, not less than fourteen days' before the date of the meeting, be sent to every Member of and every holder of debenture of the Company, and to every person registered under Article 32. Provided that this Article shall not require a copy of those documents to be sent to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

#### CAPITALIZATION OF PROFITS

121. The Company in general meeting may, upon the recommendation of the Board, resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution, and, accordingly, that such sum be set free for distribution amongst the Members who would have been entitled thereto if distributed by way of dividend (and in the same proportions) on condition that the same be not paid in cash, but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively, or paying up in full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such Members in the proportions aforesaid, or partly in the one way and partly in the other, and the Board shall give effect to such resolution: Provided that a share premium

account and a capital redemption reserve fund may, for the purposes of this Article, be applied only in the paying up of unissued shares to be issued to Members of the Company as fully paid binus shares.

122. Whenever such a resolution as aforesaid shall have been passed, the Board shall make all appropriations and applications of the sum resolved to be capitalized thereby, and all allotments and issued of fully paid shares or debentures (if any) and generally shall do all acts and things required to give effect thereto, with full power to the Board to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and also to authorise any person to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the sums resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such Members.

#### A U D I T

123. Auditors shall be appointed and their duties regulated in accordance with sections 132, 133 and 134 of the Ordinance.

#### NOTICES

124. A notice may be given by the Company to any Member either personally or, by sending it by post addressed to him at his registered address.

125. A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the Register of Members in respect of the share.

126. A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a Member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address (if any) supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

127. Any notice sent by post as first class mail to an address within Tanzania or by airmail to an address outside Tanzania shall be deemed to have been served or delivered ( unless actually received earlier) at the expiration of seventy-two hours after the letter containing the same is posted and in proving each service or sending it shall be sufficient to prove that the letter containing the notice was properly addressed and posted.

128. Every person who by operation of law, transfer or other means whatsoever shall become entitled to any shares shall be bound by every notice in respect of such share which previously to his name and address being entered on the Register of Members shall be duly given to the person from whom he receives his title to such share.

129. Notice of every general meeting shall be given in any manner hereinbefore authorised to every Member and to the Auditors for the time being of the Company.




No other person shall be entitled to receive notices of general meetings.

#### WINDING-UP

130. If the Company shall be wound-up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Ordinance, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.


#### INDEMNITY

131. Every Director, Agent, Auditor, Secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour, or in which he is acquitted, or in connection with any application under section 345 of the Ordinance in which relief is granted to him by the Court.

Names, Postal Addresses, and occupations of each Subscriber	Number of shares taken by each Subscriber	Signatures of Subscribers
SALEH MBARAK NAHDI P. O. BOX 268 MOROGORO COMPANY DIRECTOR	400	
ANISA MBARAK BALLETH P. O. BOX 268 MOROGORO HOUSEWIFE	300	
FAHAD SALEH NAHDI P. O. BOX 268 MOROGORO COMPANY DIRECTOR	300	

DATED at Dar es salaam this 28<sup>th</sup> day of Sept 1998

WITNESS to the above signatures :-

  
 Signature .....  
 Postal Address .....  
 Qualification .....



**S.M. HOLDINGS LIMITED**

**BUSINESS PLAN FOR ESTABLISHMENT  
OF RICE MILLING FACILITIES IN  
MWANZA**

**1<sup>ST</sup> March 2012**

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## Proposed Project for Establishment of Rice Milling Facilities- Business Plan

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## 1.0 INTRODUCTION

### 1.1 FOREWORD

This feasibility study sets a proposal by Messrs. S.M. Holdings Limited to establish a combined rice milling plant at Plot No.1-Nkalalo Area, Kwimba District-Mwanza. The proposed Rice Milling Unit will continuously carry out the whole process from cleaning of paddy through hulling, separating paddy from brown rice, up to grading of white rice.

The financial, technical and economic viability has been assessed with the view to help promoters make an investment decision. The various indices applied suggest a positive viability of the project.

The Proposed Rice Milling Unit will be of modern technology and will have the capacity to continuously carry out the whole process from cleaning of paddy through hulling the paddy from brown rice, polishing of brown rice up to grading of the white rice.

The complete set will be composed of the principal machines – scalperator, flat rotary sieve, suction type stoner, rubber roller rice huller, compartment separator emery roller polisher, iron roller jet type peeler, rice grader and auxiliary machines including the magnetic separator, air separator, driving conveying power cabinet storage bin operating platform, dust and muck removing system.

The capacity of this unit will be 5 tonnes of paddy per hour but the promoters plan to operate on 8 hours only a day, 22 days per month, hence 40 tonnes per day or 10,560 tonnes per annum.

## 1.2 RICE CULTIVATION IN TANZANIA

Rice is the second most important food and commercial crop in Tanzania after maize; it is among the major sources of employment, income and food security for Tanzania farming households. According to USDA world rice statistics for the year 2007, Tanzania is the second largest producer of rice in Southern Africa after Madagascar with production level of 818,000 tones. The cultivated area is 681,000 ha, representing 18 % of Tanzania's cultivated land. About 71 % of the rice is grown in Tanzania is produced under rain fed conditions, irrigated land presents 29 % of the total with most of it in small village level traditional irrigation.

The average yield is very low at 1-1.5 tonnes per hectare. Farmers grow a number of traditional varieties, these varieties have long maturity and yield is affected with irregular rainfall pattern and occurrence of pests which contribute to the yield decline.

In Central Corridor (CC), Rice is extensively produced in the three regions Tabora, Shinyanga and Morogoro where there are more favorable growing conditions. Manyara, Singida and Dodoma have some supplementary production in their low lands. Rice is a particularly important crop in Central Corridor; 48 %

of rice cultivated land in Tanzania is found in the CC. According to estimates, it involves approximately 230,000 small holder households. These in turn hire substantial amounts of labour to work in the fields, employ people to move the paddy, they subcontract small mills to mill the paddy into rice for own consumption and sell the rest as paddy to local traders. The paddy is usually sold to local agents and traders who transport and sell the rice into regional centers where the bigger millers operate.

From there rice is hauled to large urban areas, primarily Dar es Salaam, which is the principal market in the country. In Dar, an intricate network of brokers, wholesalers, middlemen, and retailers ensure that the product gets to the final consumer. Overall, there is considerable cash transactions involved in this entire process, making rice an extremely good crop for stimulating economic activity. It is therefore the crop that touches many lives of the poor households of the central corridor and plays an important role in the food security and economic livelihoods.

### 1.3 OBJECTIVES OF THE STUDY

The purpose of this business plan is to work out the technical and commercial details and the financial viability for the above mentioned project.

### 1.4 PROJECT PROMOTERS

The following sponsors are promoting the proposed facilities. Directors (shareholders) are namely:

	Name of the Shareholder	Nationality	% Shareholding
1.	Saleh M. Nahdi	Tanzanian	40%
2.	Anisa M. Balleth	Tanzanian	30%
3.	Fahad S. Nahdi	Tanzanian	30%

The current shareholders of the company have a wealth of experience in food processing undertaking edible oil milling processing operations and are keen to exploit such experience to make this project a success.

### 1.5 STUDY LAYOUT

This study is presented in one document comprising the following major chapters.

Chapter One	-Introduction
Chapter Two	-Executive Summary
Chapter Three	-Manufacturing Sector in Tanzania
Chapter Four	-Production Process and Technology
Chapter Five	-Machinery, Equipment and Civil Works
Chapter Six	-Manpower and Plant Organization
Chapter Seven	-Investment and Financing
Chapter Eight	-Costs of Operation
Chapter Nine	-Financial Analysis
Chapter Ten	-Economic Analysis
Chapter Eleven	-Recommendations

## 2.0 EXECUTIVE SUMMARY

### 2.1 INTRODUCTION

The Study examines the possibility of establishing a project for rice milling in Mwanza. Recognition of market needs and demands will be the hallmark of the anticipated success in the company's manufacturing operations.

The project will be properly developed using leading edge technology to enable S.M. Holdings Limited to enjoy rapid expansion in all target markets as more and more customers continue to appreciate the benefits of its products. The company will develop the technical capability to produce products to suit its target market.

It is expected that innovative design and consistency in the manufacturing process will earn the company's products an international reputation for excellence. Development of specialised technology is expected to contribute in positioning the company as leader in rice milling operations. All operations will have latest international standard accreditation, reassuring customers of products designed to meet their needs and produced to consistently high quality standards.

Founders of S.M. Holdings Limited have enjoyed a proud history and the future looks even brighter for the proposed project in Mwanza. The following are reasons why one should select the company's products

- Strong Foundations:

A strict code of professionalism, quality and service will place the company at the top of other rice millers, and its reputation will be steadily extended through the obvious satisfaction of customers.

- Strong On Quality:

The company will manufacture white rice and rice bran. Its products will be of superb quality. The mill will maintain high quality standards certified to universally recognized criteria.

## 2.2 COMMERCIAL RICE MILLING

Commercial milling systems mill the paddy in stages, and hence are called multi-stage or multi-pass rice mills. The objective of commercial rice milling is to reduce mechanical stresses and heat buildup in the grain, thereby minimizing grain breakage and producing uniformly polished grain. Compared to village-level systems, the commercial milling system is a more sophisticated system configured to maximize the process of producing well-milled, whole grains.

Rice milling facilities come in various configurations, and the milling components vary in design and performance. Configuration refers to how the

components are sequenced. The following flow diagram shows a modern commercial mill catering to the higher end market. It has three basic stages,

- The husking stage,
- The whitening-polishing stage, and
- The grading, blending, and packaging stage.

In modern rice mills, many adjustments such as rubber roll clearance, separator bed inclination, and feed rates are automated for maximum efficiency and ease of operation. The whitener-polishers are provided with gauges that sense the current load on the motor drives which gives an indication of the operating pressure on the grain. This provides a more objective means of setting milling pressures on the grain.

### 2.3 MARKET AND MARKETING ASPECTS

The rice to be produced will be mainly for the export market in the neighbouring countries of Burundi, Rwanda and Democratic Republic of Congo (DRC). It is assumed that the export market will absorb about 75% of the rice and the balance of 25% will be sold locally.

The average selling price has been estimated at USD 250.00 per ton for both internal and external markets. The rice bran (waste) will be sold locally for animal feed processors, as fuel or any other uses.

## Proposed Project for Establishment of Rice Milling Facilities– Business Plan

Projections show that demand for rice between the years 2003 to 2012 is higher than supply of this commodity. The following table shows projected supply and demand for rice for the years 2003 to 2012. It is projected that

From the same table it can be seen that rice consumption was expected to increase from 560,000 tons in year 2003 (equivalent to 883,280 tons of paddy) to 718,000 tons (1,126,183 tons of paddy) in the year 2012. The projections are however very conservative.

### PROJECTED SUPPLY AND DEMAND OF RICE IN TANZANIA

Year	Supply (tons)	Demand (tons)	Gap(tons)
2003	469,280	560,000	90,720
2004	469,280	575,680	106,400
2005	469,280	591,792	122,512
2006	469,280	608,368	139,088
2007	469,280	625,392	156,112
2008	469,280	642,912	173,632
2009	469,280	660,912	191,632
2010	469,280	679,408	210,128
2011	469,280	698,432	229,152
2012	469,280	718,000	248,720

From the above table it can be concluded that there is a big gap between demand and supply of rice in the country, thus ensuring the proposed project

will not face market problem in the country. For the year 2012 the gap is expected to reach 248,720 tons.

## 2.4 PROCESS AND TECHNOLOGY

The proposed modern rice milling project by S.M. Holdings Limited will consist of following stages and functions:

Stage	Function
Pre-cleaning	removing all impurities and unfilled grains from the paddy
Husking	removing the husk from the paddy
Husk aspiration	separating the husk from the brown rice/unhusked paddy
Paddy separation	separating the unhusked paddy from the brown rice
De-stoning	separating small stones from the brown rice
Whitening	removing all or part of the branlayer and germ from the brown rice
Polishing	improving the appearance of milled rice by removing remaining bran particles and by polishing the exterior of the milled kernel
Sifting	separating small impurities or chips from the milled rice
Length grading	separating small and large brokens from the head rice
Blending	mix head rice with predetermined amount of brokens, as required by the customer
Weighing and bagging	preparing milled rice for transport to the customer

## 2.5 LOCATION

The plant will be located on industrial site on Plot No.1-Nkalalo Area, Kwimba District- Mwanza.

## 2.6 MANPOWER REQUIREMENTS

The whole project will comprise about 37 permanent employees and several others may be employed on temporary basis. Initially there will be a few technical expatriates who will give training to the local staff. Maximum employment will be given to the local work force. The factory will be organized into three major areas namely:

Production

Marketing

Finance and administration

## 2.7 IMPLEMENTATION

The project is planned to undergo two phases:

**Phase I:** Major activities to be involved include registration of the project and approvals by the Tanzania Investment Centre (TIC), and mobilization of funds from sponsors. Other activities include identification of appropriate technology, sourcing of machinery and equipment, construction and renovation of buildings, staff recruitment and training of core personnel.

**Phase II:** Will involve commencement of rice milling operations at project site.

## 2.8 PROJECT ECONOMICS

### 2.8.1 Capital Investment Requirements

COST STRUCTURE	
PARTICULAR	AMOUNT USD
Land and Buildings	300,000
Machinery & Equipment	400,000
Motor Vehicles	200,000
Furniture & Fixtures	30,000
Pre exp	10,000
Others	10,000
Working Capital	50,000
<b>TOTAL</b>	<b>1,000,000</b>

\*US\$ 1 = Tshs 1,600

### 2.8.2 Expenditure on basic materials and Profitability

The major expenditure item is the purchase of paddy and other inputs used in rice milling process. Project revenue will accrue from sale of white rice and rice bran. Based on projected revenue at sustainable levels of production the project is quite profitable.

## 2.9 RECOMMENDATIONS

The study shows the proposed project is both technically and financially a feasible undertaking. Furthermore, it will create local employment for the national benefit. In view of the findings, the project is recommended for implementation.

### 3.0 MANUFACTURING SECTOR IN TANZANIA

#### 3.1 INTRODUCTION

Although an underdeveloped sector in Tanzania, manufacturing is nevertheless an important contributor to the country's GDP. But the burdens it struggles under are substantial. Hampered by the variability of the agricultural sector on which it is based, Tanzania's industries must also contend with high costs of production, low labour productivity, high interest rates and increased competition arising out of the policy of trade liberalization.

In this context, the sector is characterized by a narrow industrial base dominated by agro-industries, limited diversification, reliance on imported inputs of raw materials and intermediates, relatively underdeveloped industry linkages, prevalent use of obsolete technologies and production that is mainly focused on the domestic market.

Government recognizes that significant transformation of the sector is vital. In order to achieve this, it is necessary to promote and stimulate a change process which will make the sector exhibit a diversified structure of production; undertake processing of more of the natural resources with which Tanzania is endowed; and become export-oriented.

Taking into account the above factors, Government's goals for the industrial sector in the medium term are to optimize the exploitation of domestic natural

resources; to strengthen backward and forward linkages within the manufacturing sector and between the sector and rest of the economy; to ensure that industries are competitive in the domestic and international markets; to raise levels of technological capabilities; to create new employment opportunities; to absorb the rapidly growing labour force; to strengthen the SME sector and put emphasis on sub regional collaboration and south-south cooperation.

### 3.2 IMPORTANCE OF THE SECTOR AND PERFORMANCE

In terms of importance, the manufacturing sector, though not strong as it should be, continues to play a respectable role in the economy, contributing to 18.9% of export earnings and 8.6% to GDP - but this is still short of the planned target of 15% by 2020.

In the country's Development Vision-2025, it is projected that the contribution of the industrial sector to the economy will reach 25% like the semi-industrialized countries of South East Asia.

Tanzania's most important industries include agro food processing, beverages, oil refining, and cement. Other industries include the production of textiles, apparel, tobacco products, glass, paints, plastics, chemicals and pharmaceuticals, and the processing of metals and wood products.

The sector provides employment for an estimated workforce of over 100,000 people. Growth rate of the sector decelerated from 9.9 percent in 2008 to 8.0 percent in 2009. This trend was due to the effects of the global economic meltdown.

### 3.3 EXPORT DEVELOPMENT

The export market for manufactured goods comprises cotton yarn, manufactured coffee, manufactured tobacco, sisal products, plastics, textiles and apparel and iron steel.

During 2009, the export value of manufactured goods decline from US\$ 662.3 million recorded in 2008 to US\$ 497.6 million. The decline is partly attributable to the drop in demand for the manufactured products in the neighbouring countries following the global financial crisis.

### 3.4 MAJOR PRODUCTION AND INDUSTRIAL UNITS

#### *3.4.1 Food, Beverages and Tobacco*

The food manufacturing in Tanzania include manufacturing of dairy products, canning and preserving of fruits and vegetables, canning fish and similar foods, manufacture of animal and vegetable oils, grain milling, baking, sugar and confectionery as well as prepared animal feeds. The beverages include the distilling and blending of spirits; manufacture of wines, cider and beer; production of soft drinks and carbonated waters and the bottling of natural spring and minerals waters. The tobacco subsector comprises manufacturing of cigarettes, tobacco and other tobacco production.

#### *3.4.2. Textiles, Clothing, Leather and Footwear*

Activities undertaken in this category include spinning, weaving and finishing of textiles as well as garments, knitting and the manufacture of carpets, rugs, cordage, rope and twines. The leather and footwear subsector include tanneries;

leather finishing and manufacturing of products from leather such as luggage, handbags and purposes.

#### *3.4.3 Wood products activities Accounted in the subsector*

Includes sawmills, planing and other wood mills manufacturing goods. Also included is the manufacturing of wooden containers, cane products and wooden products.

#### *3.4.4 Paper and Paper Products*

This comprises the manufacturing of pulp, paper, paperboard, fibreboards, light packaging, heavy packaging, stationery and other paper products.

#### *3.4.5 Chemicals, Petroleum, Rubber and Plastics*

The chemical subsector comprises the manufacture of basic industrial chemicals, fertilizers, pesticides, plastic materials and products, medicinal and pharmaceuticals, soap, detergents, perfumes and other cosmetics, paints and other chemical products. While the petroleum subsector comprise of petroleum refineries, fuel oils, lubricating oils and manufacture of asphalt materials.

Rubber products produced in the country include tyres and tubes conveyors and fan belts, rubber mats, groves, pipes and tanks, plastic sheets, kitchenware, furniture and footwear.

#### *3.4.6 Non-metallic Mineral Products*

This includes manufacture of pottery, china and earthenware, glass and glassware products, bricks, tiles, cement, concrete, gypsum and plaster products.

Boosted by robust growth in construction, Tanzania's cement industry has grown rapidly over the years, with three cement producers and a combined production capacity of 1.9 million tonnes per year.

#### *3.4.7 Basic Metal Products*

This comprises rolling mills and foundries to produce products such as slabs, bars, sheets, plates, strips, tubes, pipes and rods.

#### *3.4.8 Fabricated Metals, Machinery and Equipment*

These include manufacture of cutlery, hand tools and general hardware, furniture and fixtures, doors, metal staircases and window frames. Others are electrical motors transformers, electrical control devices and switchboard apparatus as well as radios and transport equipment, mainly bicycles and animal and auto-pulled carts.

#### *3.4.9 Other Manufacturing Industries*

This covers products such as jewels and related articles, furniture manufacture, measuring and controlling equipment and optical goods. Production in this category has experienced an average growth of over 12 percent over the last decade.

### 3.5 NOTABLE PERFORMANCE OF SOME LOCAL INDUSTRIES

The goods whose production skyrocketed include Konyagi, which increased by 151.9 %, from 4,049,000 litres in 2008, up to 10,201,000 litres in 2009. Production of pyrethrum agro-chemicals also increased from 73 tonnes in 2008, up to 266 tonnes, equivalent to 264.4 % increase.

Production of wheat flour increased from 287,925 tonnes in 2008 to 368,885 tonnes in 2009, representing 28.1 % increase. Production of Chibuku brew also increased sharply from 10,235 litres in 2008, up to 16,141 tonnes in 2009, equivalent to 57.7 % increase.

Likewise, production of iron sheets ballooned to 50,664 tonnes in 2009, from 31,743 tonnes in 2008, equivalent to 59.6 % increase.

Production of batteries also increased to 78 million batteries in 2009, from 53 million batteries in 2008, representing 47.2 % increase.

Moreover, production of cement increased from 1,756 tonnes in 2008 up to 1,941 tonnes in 2009. This was caused by high demand of the commodity as consumption of cement skyrocketed from 1,940,845 tonnes in 2008 to 2,399,458 tonnes in 2009, equivalent to 58.5% increase.

However production of aluminum declined from 105 tonnes in 2008 to 58 tonnes in 2009, registering a 44.8 % decrease. Production of garments also declined from 7,783,000 square metres in 2008 to 7,913,000 square metres in 2009, a 34.9 % decrease.

Other goods whose production declined during the period under review include logs (16.6%), biscuits and spaghetti (1.5%), beers (2 %), cigarettes (4.4%) and iron (13%).

### 3.6 INVESTMENT OPPORTUNITIES

The priority sectors for investment include the following export-oriented manufacturing operations: Textile and garments; leather processing and leather products; lapidary, including gold, diamonds and gemstones; agro processing;

fish processing; wood and wood products; electrical and electronic appliances; and ICT industries.

### 3.7 POLICIES AND REGULATORY FRAMEWORK

The future discourse for industrial development in Tanzania is elaborated in the Sustainable Industrial Development Policy – SIDP”. The main purpose of SIDP is to set out a path for industrializing Tanzania so that by the turn of the first quarter of the 21st Century it becomes a semi industrialized country.

In its approach SIDP embraces the principles of a market-led economy and competitiveness. It points out plainly that industry would only prosper in the hands of increased private sector participation both in decision making and implementation.

The government in this aspect has vowed to increasingly provide an environment which is welcoming, attractive, and stable and that can encourage private sector investment.

The private sector in its part should take all necessary initiatives to respond and manage challenges of globalization. Firms are challenged to pursue firm strategies which are geared towards building the necessary capabilities to enable them compete in the world market.

### 3.8 INDUSTRIAL SUPPORT ORGANISATIONS

The government has established several institutions to render support services to the industrial sector. Among them are: The National Development Corporation (NDC), the Small Industries Development Organization (SIDO),

the Centre for Agricultural Mechanization and Rural Technology (CARMATEC), the Export Processing Zones Authority (EPZA), the Tanzania Industrial Research Development Organization (TIRDO), the Tanzania Engineering and Manufacturing Design Organisation (TEMDO) and Tanzania Bureau of Standards (TBS).

### 3.9 CHALLENGES FACING THE MANUFACTURING SECTOR

- ◊ Poor technology;
- ◊ Insufficient industries/ factories;
- ◊ Unreliable market for the final processed goods;
- ◊ High cost of power, unreliability of power and underdeveloped infrastructure;
- ◊ Unreliable availability of raw materials;
- ◊ Small number of trained manpower.

The manufacturing sector holds the key to Tanzania's economic growth given the desire to diversify from agriculture and tourism to other sectors. Although the sector's contribution to the national economy has not significantly improved lately, there is every reason to believe that with proper policies and investment incentives in place, manufacturing sector is a growth area.

#### 4.0 PRODUCTION PROCESS AND TECHNOLOGY

##### 4.1 BASIC PROCESS

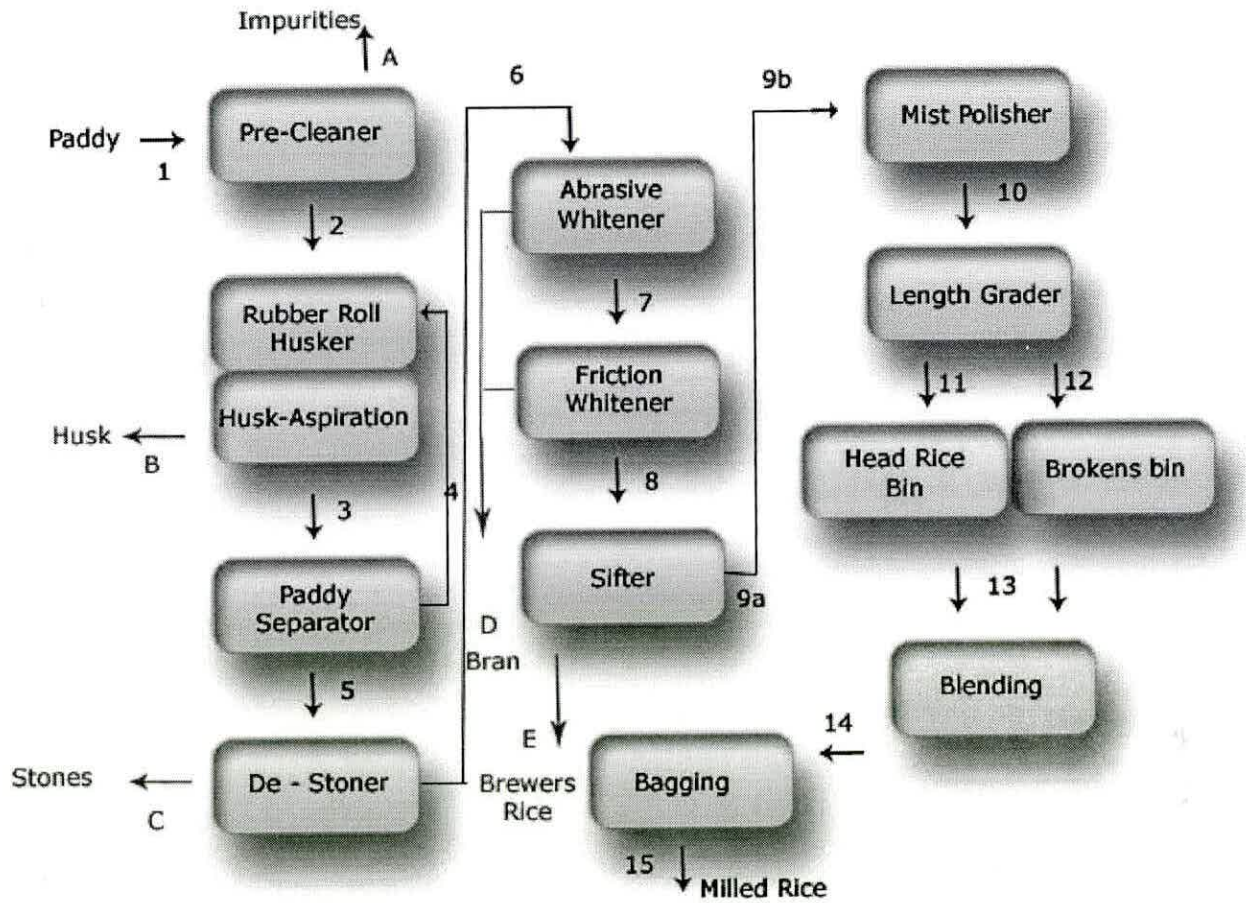
As mentioned earlier, operation of the modern commercial mill catering to the higher end market will consist three basic stages,

- The husking stage,
- The whitening-polishing stage, and
- The grading, blending, and packaging stage.

The unit will be capable of grading rice into 4 categories; whole rice, popular rice, big broken rice and small broken rice. However, for accounting purposes we have assumed that only one type of rice will be produced. The grains of rice have bright and sparkling surfaces and low breakage. The grading can be adjusted to produce according to the user's demand.

The following flow diagram shows major processes involved in rice milling operations to be undertaken by S.M. Holdings Limited

# Proposed Project for Establishment of Rice Milling Facilities- Business Plan



The following is a description of the flow diagram

1. Paddy is dumped in the intake pit feeding the pre-cleaner
2. Pre-cleaned paddy moves to the rubber roll husker:
3. Mixture of brown rice and unhusked paddy moves to the separator
4. Unhusked paddy is separated and returned to the rubber roll husker
5. Brown rice moves to the destoner
6. De-stoned, brown rice moves to the 1st stage (abrasive) whitener
7. Partially milled rice moves to the 2nd stage (friction) whitener
8. Milled rice moves to the sifter

9. a. For simple rice milling, ungraded, milled rice moves to bagging station  
b. For more sophisticated milling, milled rice moves to the polisher 1
10. Polished rice, will move to length grader
11. Head rice moves to head rice bin
12. Brokens moves to brokens bin
13. Pre-selected amount of head rice and brokens move to blending station
14. Custom-made blend of head rice and brokens moves to bagging station
15. Bagged Rice moves to the market
  - A - Straw, chaff and empty grains are removed
  - B - Husk removed by the aspirator
  - C - Small stones, mud balls etc. removed by de-stoner
  - D - Coarse (from 1st whitener) and fine (from 2nd whitener) bran removed from the rice grain during the whitening process
  - E - Small brokens/brewer's rice removed by the sifter

#### 4.2 QUALITY CONTROL SYSTEM

Quality will be the nucleus of M/s S.M. Holdings Limited and the company will make sure that it is not compromised at any cost. The company expects to incorporate a strict quality management system, which will be responsible for keeping the entire business proceeding under a strict vigil. Its range of products will undergo strict quality check at each level. A variety of measures will be taken to ensure that the finished products meet specifications based on international standards.

#### 4.3 ENVIRONMENT PROTECTION

With a conscious mind, S.M. Holdings Limited expects to undertake eco-friendly rice milling processes and make sure that less effluent and smoke are released. It will take the following three concerns seriously as defined by some of the well-known regulatory bodies.

- Reduction in hazardous environmental release
- Recycling of waste products
- Use of environmentally preferable products

For this, it will source some of the latest and high performing machines for its factory.

## 5.0 MACHINERY EQUIPMENT AND CIVIL WORKS

### 5.1 MACHINERY & EQUIPMENT

The project envisages setting up a modern combined rice milling and processing plant and later packing the final product into convenient lots for both export and local markets.

The plant will have a capacity of processing 5 tons of paddy per hour. For purposes of this study it is assumed that it will operate at 8 hours a day, 22 days a month, thus processing 40 mts per day x 22 days x 12 months which is equal to 10,560 tons of paddy per annum. The maximum waste is estimated at 36.6%; hence the project will produce 6,695.04 tons of polished rice per annum.

The 36.6% waste will consist of rice husks/rice bran and it is further assumed that the waste to be recovered and packed for sale will be equivalent to 10% of paddy input, which is 1,056 tons per annum.

The technology to be used will be modern to facilitate proposed rice milling operations. The company is already negotiating with suppliers of required machinery and equipment for supply of the same once all necessary preparations are completed.

## 5.2 PLANT LOCATION AND CIVIL WORKS

### 5.2.1 Site and Location

The plant shall be located on industrial site on Plot No.1-Nkalalo Area, Kwimba District- Mwanza. The promoters are already undertaking edible oil milling operations at this industrial site. This location takes into consideration such important factors like availability of reliable power.

### 5.2.2 Production Building Required

The built up area required for production will be medium sized taking into consideration the kind of operations to be undertaken

### 5.2.3 Office Building

An office block to accommodate the administrative and clerical staff will also be required.

## 5.3 UTILITY SERVICES

### 5.3.1 Water

A three-inch diameter pipeline to the premises from company drilled borehole. To avoid incidences of water shortage a water reservoir of capacity 20,000 liters is recommended to be constructed.

### 5.3.2 Electricity

The Tanzania Electric Supply Company Ltd. (TANESCO) will continue providing the required amount of electricity from the national grid.

## 6.0 MANPOWER AND PLANT ORGANIZATION

The proposed project will have three independent departments, namely:

- Production
- Sales and Marketing
- Administration and Finance

### 6.1 ORGANIZATION

The Board of Directors of M/s S.M. Holdings Limited shall manage the project at policy level. The top most person in the day to day running of the company will be the Managing Director. Under the Managing Director's office will be the three Departments mentioned above. Each will be under a Manager and will comprise a number of Sections each headed by a Section Head as follows.

#### PRODUCTION DEPARTMENT

Sections:

- Operations
- Maintenance

#### SALES AND MARKETING DEPARTMENT

Sections:

- Research & Promotion
- Sales

## ADMINISTRATION AND FINANCE DEPARTMENT

Sections:

- Human Resources & Administration
- Finance & Accounts

Each Department will be manned by a number of personnel with varying education levels and work experiences.

The management team of M/s S.M. Holdings Limited will comprise the Managing Director, Production Manager, Finance & Administration Manager and Sales & Marketing Manager.

### 6.2 RESPONSIBILITIES

Responsibilities will be as follows:

#### 6.2.1 Production Department

The Manager will be responsible for planning and overseeing daily rice milling operations being carried out. He will further be responsible for repair and maintenance of company assets and research and development activities. The Department will comprise Sections, namely:

- The Production Section which would be responsible for overseeing manufacturing operations. An expatriate will be employed to train the local technicians in this aspect of operations.
- Maintenance Section which will manage plant and machinery maintenance

### 6.2.2 Finance and Administration Department

An Administration and Finance Manager will head the Department. He will be responsible for the administration of the company as well as overseeing the financial aspects of the company. An Accountant will manage the Accounting and finance function while a Human Resources Section Head will oversee company human resource issues. The following important units will be under the Department.

- The personnel and administration unit which will be responsible for the general administrative matters of the company as well as personnel issues.
- The finance unit, which will be responsible for financial issues. It will also be responsible for the proper maintenance of books of accounts and financial planning.
- The purchasing unit which will be responsible for the purchase of raw materials, spare parts and equipment. This section will also be responsible for the receipt, storage and issue of purchased materials.

### 6.2.3 Sales and Marketing Department

This Department will be headed by the Sales and Marketing Manager who will be responsible for the development of a sustainable sales and distribution network. This will involve developing distribution network and recruitment and training of qualified and well motivated marketing and sales personnel.

There will be two Section Heads under the Department. One Section will be responsible for Research & Promotion and another will handle Sales function.

### 6.3 MANPOWER REQUIREMENT

The permanent manpower requirement for running the proposed project is 37. Several other employees may be contracted on temporary basis.

### 6.4 SOURCE OF MANPOWER

Manpower for proposed project will be employed from local sources, except for a few expatriates who would basically be engaged in the training of local staff. The workers will be given on-the-job training for familiarize them with the proposed machinery and equipment.

After the initial 2 years, depending on the results of the training, local counter parts will replace the expatriates.

## 7.0 INVESTMENT AND FINANCING

### 7.1 ASSUMPTIONS

The financial projections to determine the viability of the project by M/s S.M. Holdings Limited are based on the following key assumptions:

- Acquisition and Installation of machinery and equipment for rice milling will start immediately. Thereafter milling operations will commence.
- The company market will be local as well as export based on projected operations
- Financial calculations are based on current market prices and costs are assumed constant throughout the operating period under view on the assumption that if operation costs change, selling prices will change proportionally to preserve the profit margins.
- The project has adopted the currency exchange rate of United States Dollar 1 = Tanzania Shilling 1,600.00 as prevailing during February 2012.

### 7.2 SUMMARY OF CAPITAL COSTS

On completion of project implementation, the total investment will reach to US\$ 1.000 million as shown in attached schedules.

### 7.3 BUILDING AND CIVIL WORKS COSTS

The main civil works required involves construction/renovation of factory buildings in which the machinery will be installed .Other civil works will be electrification and water supply, etc. Total investment on land and buildings is estimated at US\$ 300,000

### 7.4 PLANT MACHINERY AND EQUIPMENT COSTS

The main plant and machinery for the envisaged project will be for rice milling and processing. Other supporting equipment, tools, accessories, etc. will be required as explained earlier

The total investment on machinery and equipment is based on a quotation received from major suppliers for main production machinery and amount to US\$ 400,000 approximately.

### 7.5 MOTOR VEHICLES

For company work, the promoters intend to procure various vehicles at total cost of US\$ 200,000.

### 7.6 PRE-PRODUCTION CAPITAL EXPENDITURES

These include project development cost for feasibility study and start-up expenses. A budget of US\$ 10,000 is considered adequate for this item

## 7.7 INITIAL WORKING CAPITAL

Initial net working capital requirement at maximum for the proposed project works out at about US\$ 50,000. This is mainly for the procurement of initial stocks of raw materials. Rest of the requirement of the working capital will be raised from commercial banks as and when the need arises. This will fluctuate as per stocks in hand.

## 7.8 FINANCING PATTERN

The financing of the project will be from shareholder's equity contribution as well as bank loans. The financing of the project will take the following form

	EQUITY(US\$)	LOAN(US\$)
FOREIGN	-	-
LOCAL	400,000	600,000

## 8.0 COST OF OPERATIONS

The anticipated costs for operating the project are detailed in the following sections and summarized in attached schedules. The summarized costs are based on the fifth year of operation.

### 8.1 UTILITIES

A total of US\$ 59,296 will be required as water bills and for the purchase of electric power at sustainable production level.

### 8.2 VEHICLE RUNNING EXPENSES

Vehicle running expenses include fuel, maintenance, lubricants, road licenses, etc. The cost has been estimated at US\$ 190,348

### 8.3 SALARIES AND WAGES

The number of employees, along with their incomes, is shown in attached schedules. The total annual wage package is estimated at US \$ 184,514 including fringe benefits and related taxes

#### 8.4 MARKETING

The marketing costs are estimated at US\$ 82,047 in the fifth year of operation as per attached schedules

#### 8.5 DEPRECIATION

The following is a depreciation schedule for major assets to be employed in manufacturing operations of the project.

DEPRECIATION	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Land & Buildings	30,000	30,000	30,000	30,000	30,000
Plant & Equipment	40,000	40,000	40,000	40,000	40,000
Motor Vehicles	20,000	20,000	20,000	20,000	20,000
Furniture & Fixtures	3,000	3,000	3,000	3,000	3,000
ANNUAL DEPRECIATION	93,000	93,000	93,000	93,000	93,000

## 9.0 FINANCIAL ANALYSIS

### 9.1 INCOME AND EXPENDITURE

#### 9.1 Income

The proposed project by M/s S.M. Holdings Limited expects to earn its income through revenue generated from sale of polished white rice and rice bran. The total sales are expected to stand at US\$ 1,640,933 in the fifth year of operation

#### 9.1.1 Expenditure

Some project costs have been discussed in Chapter 9 and are summarized in detail in attached schedule.

### 9.2 NET INCOME STATEMENT HIGHLIGHTS

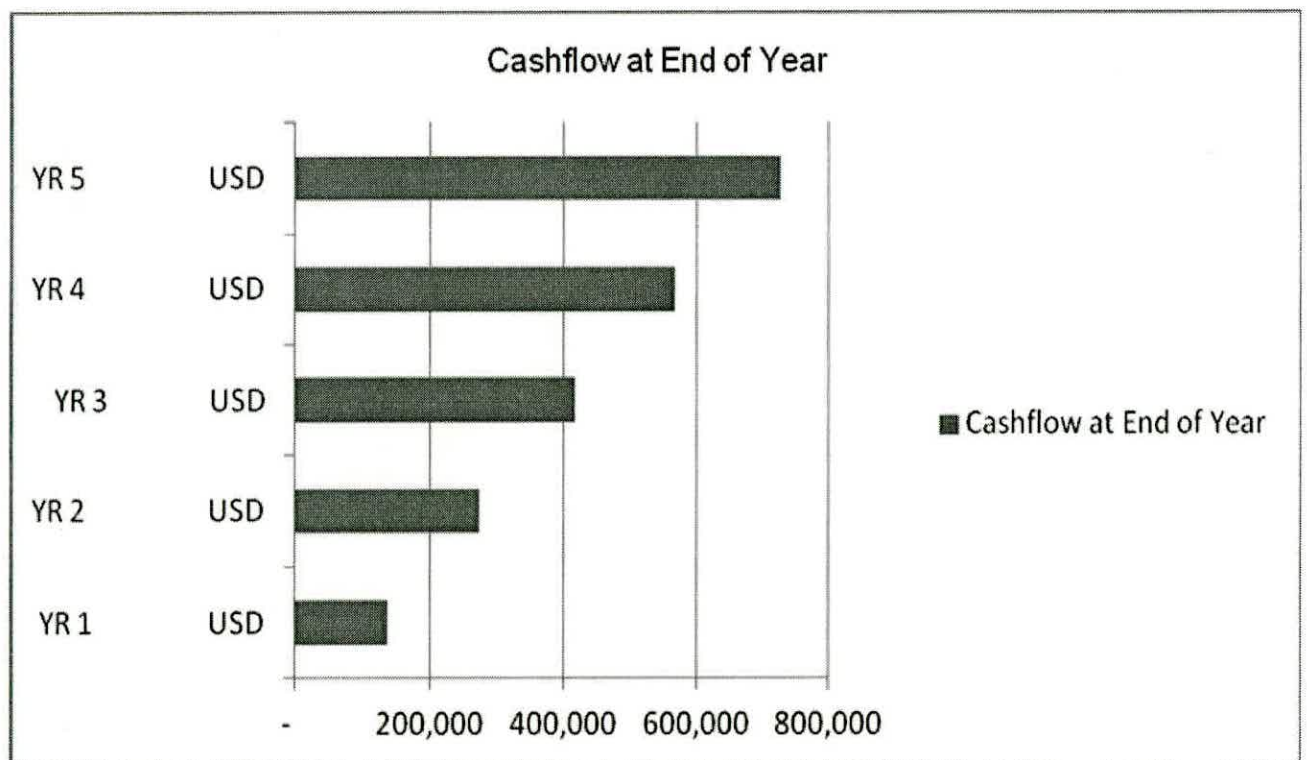
The project's annual after tax net income during the fifth year of production is estimated to reach US\$ 90,135 as presented in the Income Statement of the financial statements appendix.

### 9.3 CASH FLOW HIGHLIGHTS

This is shown in the financial statements. The project has a positive end of the year cash flow from year 1 of operation to the 5th year as shown hereunder.

Proposed Project for Establishment of Rice Milling Facilities- Business Plan

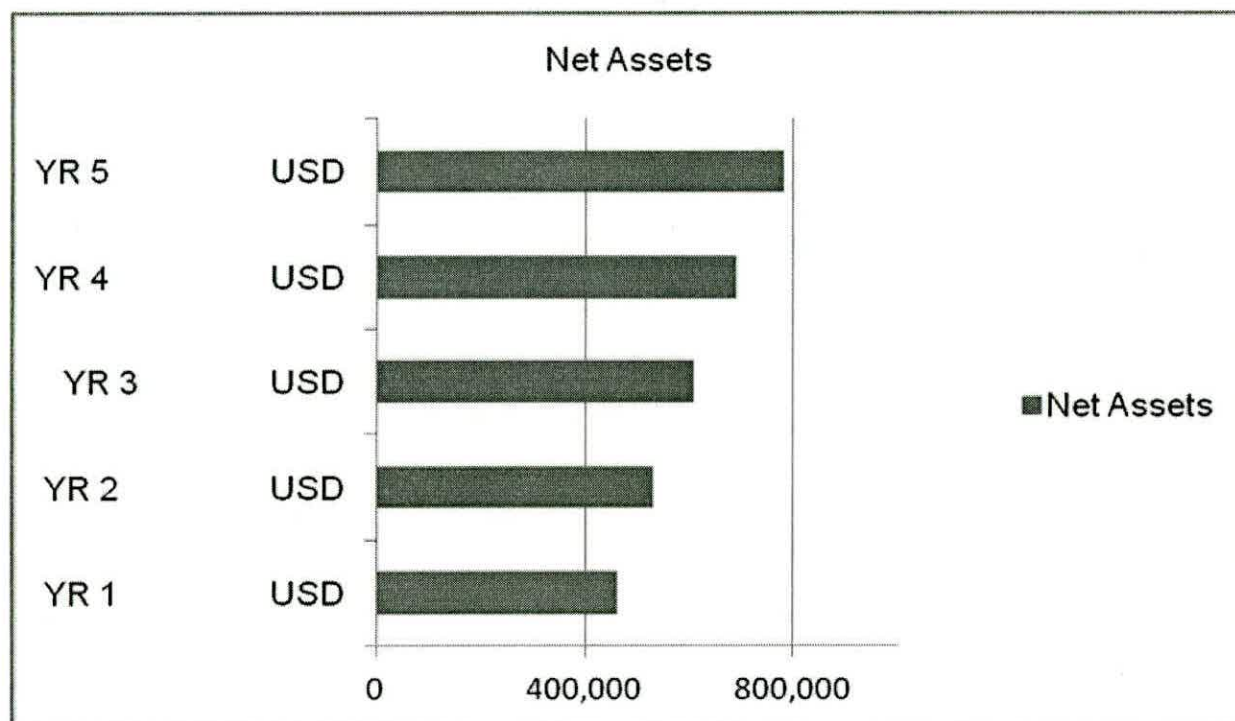
CASH FLOW PROJECTION					
	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Cash flow at End of Year	137,880	273,449	416,889	568,371	727,051



### 9.4 BALANCE SHEET

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Net worth of the project increases from US\$ 462,384.00 in the first year of operation to US\$ 781,377.00 in the 5<sup>th</sup> year.

BALANCE SHEET PROJECTION					
	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Net Assets	462,384	531,588	607,808	691,241	781,377



## 10.0 ECONOMIC ANALYSIS:

### 10.1 ASSUMPTIONS AND CONSIDERATIONS

The basic assumptions underlying economic benefits and costs are:

10.1.1 Taxes on capital costs have not been considered.

10.1.2 Conversion factors have been used to determine economic costs and benefits.

10.1.3 Economic life of the project is assumed to be 5 years.

### 10.2 ECONOMIC BENEFITS OF THE PROJECT

The successful operation of the project will contribute significant economic benefits to Tanzania. In summary the benefits which will be realized are as follows:-

- This project will boost investment in manufacturing sector which is important for the economy, contributing to research and other skills development. It will provide vital support to activities in agriculture sector.
- Employment opportunities for at least 37 permanent staff when the project is fully operational.

## Proposed Project for Establishment of Rice Milling Facilities- Business Plan

- o The direct income for the workers, combined with other social benefits that the Management of M/s S.M. Holdings Limited will provide, will help in overall efforts of alleviation of poverty in the Region.
- o Provision of a market for goods and services demanded by expanded tax base to the Treasury and local Government authorities and generation of substantial income to the Government.

## 11.0 RECOMMENDATIONS

The project is technically feasible, financially and economically viable and environmental friendly. A fast implementation of the project is highly recommended to avoid cost overruns and for the project to be able to realize the benefits outlined above; especially at this juncture when the Government is making effort to boost investment in various sectors in the economy.

In view of the above it is further strongly recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under Tanzania Investment Act, 1997 to facilitate smooth implementation.

Proposed Project for Establishment of Rice Milling Facilities- Business Plan

S.M . HOLDINGS LIMITED						
PROJECTED INCOME & EXPENDITURE STATEMENT						
		YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Sales Revenue		1,350,000	1,417,500	1,488,375	1,562,794	1,640,933
Cost of Sales		513,000	538,650	565,583	593,862	623,555
Gross Profit		837,000	878,850	922,793	968,932	1,017,379
Operating Expenses:						
Administrative Expense		162,000	170,100	178,605	187,535	196,912
M/Vehicle running expenses		156,600	164,430	172,652	181,284	190,348
Salaries and wages		151,800	159,390	167,360	175,727	184,514
Pension contribution		15,180	15,939	16,736	17,573	18,451
Depreciation		93,000	93,000	93,000	93,000	93,000
Marketing Costs		67,500	70,875	74,419	78,140	82,047
Interest Expense		13,200	13,200	13,200	13,200	13,200
Utility costs		40,500	44,550	49,005	53,906	59,296
Insurance		40,000	40,000	40,000	40,000	40,000
Communication		8,100	8,505	8,930	9,377	10,846
Total Expenses		747,880	779,989	813,906	849,741	888,614
Profit before Tax		89,120	98,861	108,887	119,191	128,765
Tax (30%)		26,736	29,658	32,666	35,757	38,629
Profit After Tax		62,384	69,203	76,221	83,433	90,135

Proposed Project for Establishment of Rice Milling Facilities- Business Plan

S.M . HOLDINGS LIMITED						
PROJECTED BALANCE SHEET						
		YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
<u>Fixed Assets</u>						
Long-term Assets		930,000	837,000	744,000	651,000	558,000
Depreciation		93,000	93,000	93,000	93,000	93,000
Total Long-term Assets		837,000	744,000	651,000	558,000	465,000
<u>Current Assets</u>						
Cash		137,880	273,449	416,889	568,371	727,051
Accounts Receivable		1,866,413	1,991,010	2,113,650	2,234,302	2,353,233
Stock		376,650	395,483	415,257	436,019	457,820
Total Current Assets		2,380,943	2,659,942	2,945,795	3,238,693	3,538,105
Total Assets		3,217,943	3,403,942	3,596,795	3,796,693	4,003,105
<u>Current Liabilities</u>						
Accounts Payable		2,114,519	2,229,262	2,343,741	2,457,943	2,571,844
Other Current Liabilities		41,040	43,092	45,247	47,509	49,884
Subtotal Current Liabilities		2,155,559	2,272,354	2,388,988	2,505,452	2,621,729
<u>Long-term Liabilities</u>						
Long-term Liabilities		600,000	600,000	600,000	600,000	600,000
Total Liabilities		2,755,559	2,872,354	2,988,988	3,105,452	3,221,729
Net Assets		462,384	531,588	607,808	691,241	781,377
<u>Capital and Reserves</u>						
Owners Contribution		400,000	400,000	400,000	400,000	400,000
Retained Earnings		62,384	131,588	207,808	291,242	381,377
Total Capital		462,384	531,588	607,808	691,242	781,377

Proposed Project for Establishment of Rice Milling Facilities- Business Plan

S.M. HOLDINGS LIMITED						
PROJECTED CASHFLOW						
		YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
CASHFLOW FROM OPERATIONS:						
Cash Sales		1,107,000	1,162,350	1,220,468	1,281,491	1,345,565
VAT Receipt		243,000	255,150	267,908	281,303	295,368
Subtotal Cash Received		1,350,000	1,417,500	1,488,375	1,562,794	1,640,933
Expenditures from Operations:						
Purchases		461,700	484,785	509,024	534,475	561,199
Additional Cash Spent		654,880	686,989	720,906	756,741	795,614
VAT payments		92,340	96,957	101,805	106,895	112,240
Interest Expense		13,200	13,200	13,200	13,200	13,200
Subtotal Cash payment		1,222,120	1,281,931	1,344,935	1,411,312	1,482,253
CASH FROM OPERATIONS		127,880	135,569	143,440	151,482	158,681
CASH FLOW FROM INVESTMENTS:						
Purchase of Assets		- 930,000				
Working capital		- 60,000				
CASH FLOW FROM INVESTMENTS:		-990,000	-	-	-	-
CASH FLOW FROM FINANCING:						
Owners Equity Contribution		400,000				
Bank loan		600,000				
CASH FLOW FROM FINANCING		1,000,000	-	-	-	-
NET CASHFLOW FOR PERIOD		137,880	135,569	143,440	151,482	158,681
CASHFLOW AT START OF YEAR		-	137,880	273,449	416,889	568,371
CASHFLOW AT THE END OF YEAR		137,880	273,449	416,889	568,371	727,051

Proposed Project for Establishment of Rice Milling Facilities- Business Plan

S.M . HOLDINGS LIMITED					
SCHEDULES AND GRAPHS					
SCHEDULE 1					
REVENUE PROJECTION					
PRODUCTS	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Processed White Rice	1,100,000	1,155,000	1,212,750	1,273,388	1,337,057
Other	250,000	262,500	275,625	289,406	303,877
	1,350,000	1,417,500	1,488,375	1,562,794	1,640,933

SCHEDULE 2					
OTHER OPERATING COSTS					
OTHER OPERATING COST	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
M/vehicle running expenses	156,600	164,430	172,652	181,284	190,348
Salaries and wages	151,800	159,390	167,360	175,727	184,514
Pension contribution	15,180	15,939	16,736	17,573	18,451
Depreciation	93,000	93,000	93,000	93,000	93,000
Administrative expenses	162,000	170,100	178,605	187,535	196,912
Marketing Costs	67,500	70,875	74,419	78,140	82,047
Interest Expense	13,200	13,200	13,200	13,200	13,200
Utility costs	40,500	44,550	49,005	53,906	59,296
Insurance	40,000	40,000	40,000	40,000	40,000
Communication	8,100	8,505	8,930	9,377	9,846
Total costs	747,880	779,989	813,906	849,741	887,614

Proposed Project for Establishment of Rice Milling Facilities- Business Plan

SCHEDULE 3	
COST STRUCTURE	
PARTICULAR	AMOUNT USD
Land and Buildings	300,000
Plant, Machinery & Equipment	400,000
Motor Vehicles	200,000
Furniture & Fittings	30,000
Pre expenses	10,000
Others	10,000
Working Capital	50,000
<b>TOTAL</b>	<b>1,000,000</b>

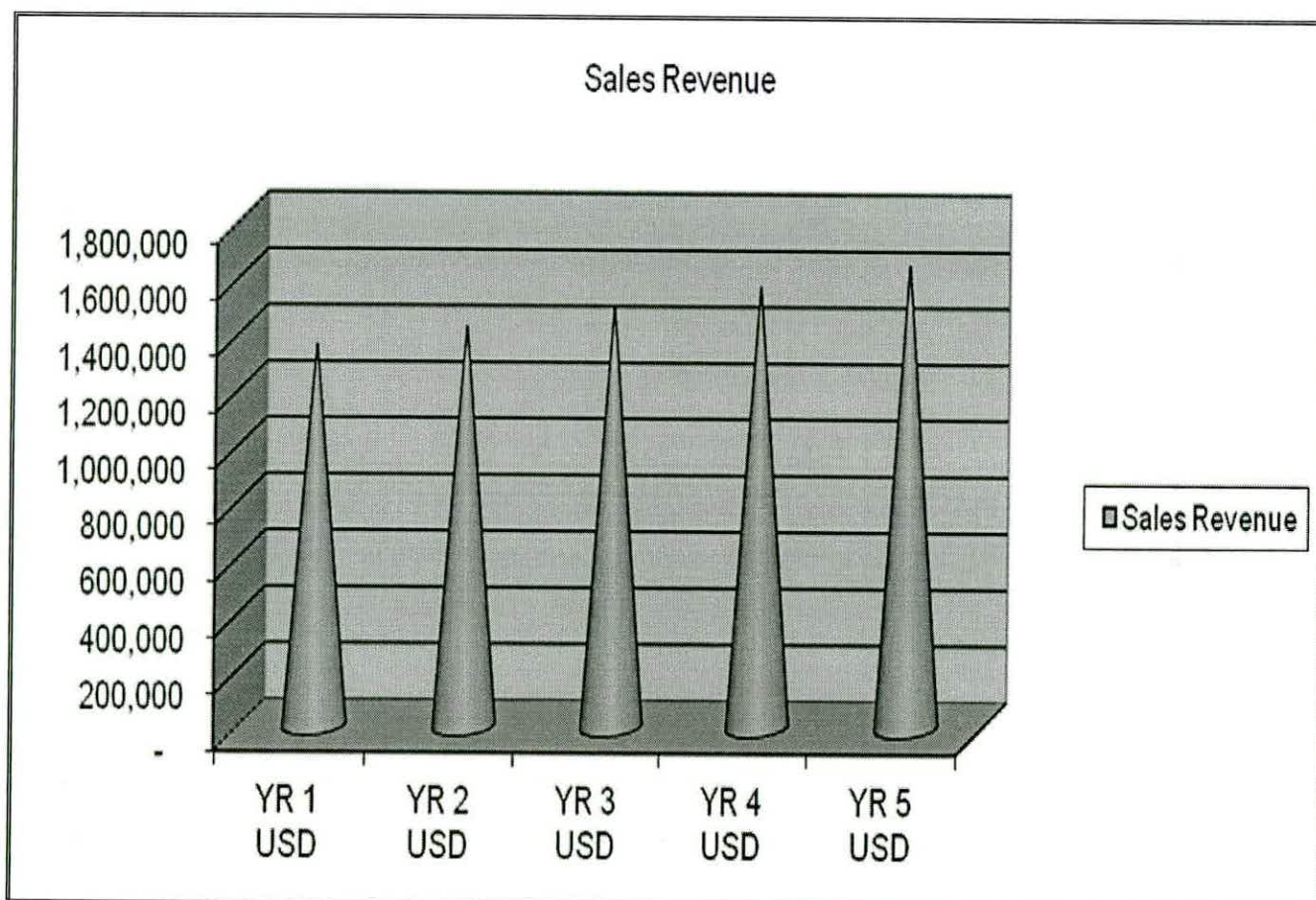
SCHEDULE 4					
FIXED ASSETS SCHEDULE					
NAME OF ASSETS	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Land and Buildings	300,000	270,000	240,000	210,000	180,000
Plant & Equipment	400,000	360,000	320,000	280,000	240,000
Motor Vehicles	200,000	180,000	160,000	140,000	120,000
Furniture & Fixtures	30,000	27,000	24,000	21,000	18,000
<b>TOTAL</b>	<b>930,000</b>	<b>837,000</b>	<b>744,000</b>	<b>651,000</b>	<b>558,000</b>
DEPRECIATION	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Land and Buildings	30,000	30,000	30,000	30,000	30,000
Plant, & Equipment	40,000	40,000	40,000	40,000	40,000
Motor Vehicles	20,000	20,000	20,000	20,000	20,000
Furniture & Fixtures	3,000	3,000	3,000	3,000	3,000
<b>ANNUAL DEPRECIATION</b>	<b>93,000</b>	<b>93,000</b>	<b>93,000</b>	<b>93,000</b>	<b>93,000</b>
<b>CLOSING FIXED ASSETS</b>	<b>837,000</b>	<b>744,000</b>	<b>651,000</b>	<b>558,000</b>	<b>465,000</b>

Proposed Project for Establishment of Rice Milling Facilities- Business Plan

SCHEDULE 5					
SALARIES & WAGES					
N O	DEPARTMENTS/DESIGNATION	NO.	SALARY PER MONTH	SUBTOTAL MONTHLY SALARY	ANNUAL GROSS SALARY
1	Managing Director	1	1500	1500	18,000
2	Finance and Administration Manager	1	1000	1000	12,000
3	Production Manager	1	1000	1000	12,000
4	Sales and Marketing Manager	1	1000	1000	12,000
5	Officers	4	600	2400	28,800
6	Accountants	1	600	600	7,200
7	Machine Operators	5	300	1500	18,000
8	Technicians	2	300	600	7,200
8	Secretary	1	250	250	3,000
9	Drivers	6	200	1200	14,400
10	Casual Labourers	10	100	1000	12,000
11	Security Guards	2	100	200	2,400
12	Office Assistant	2	200	400	4,800
	TOTAL USD \$	37	7,150	12,650	151,800

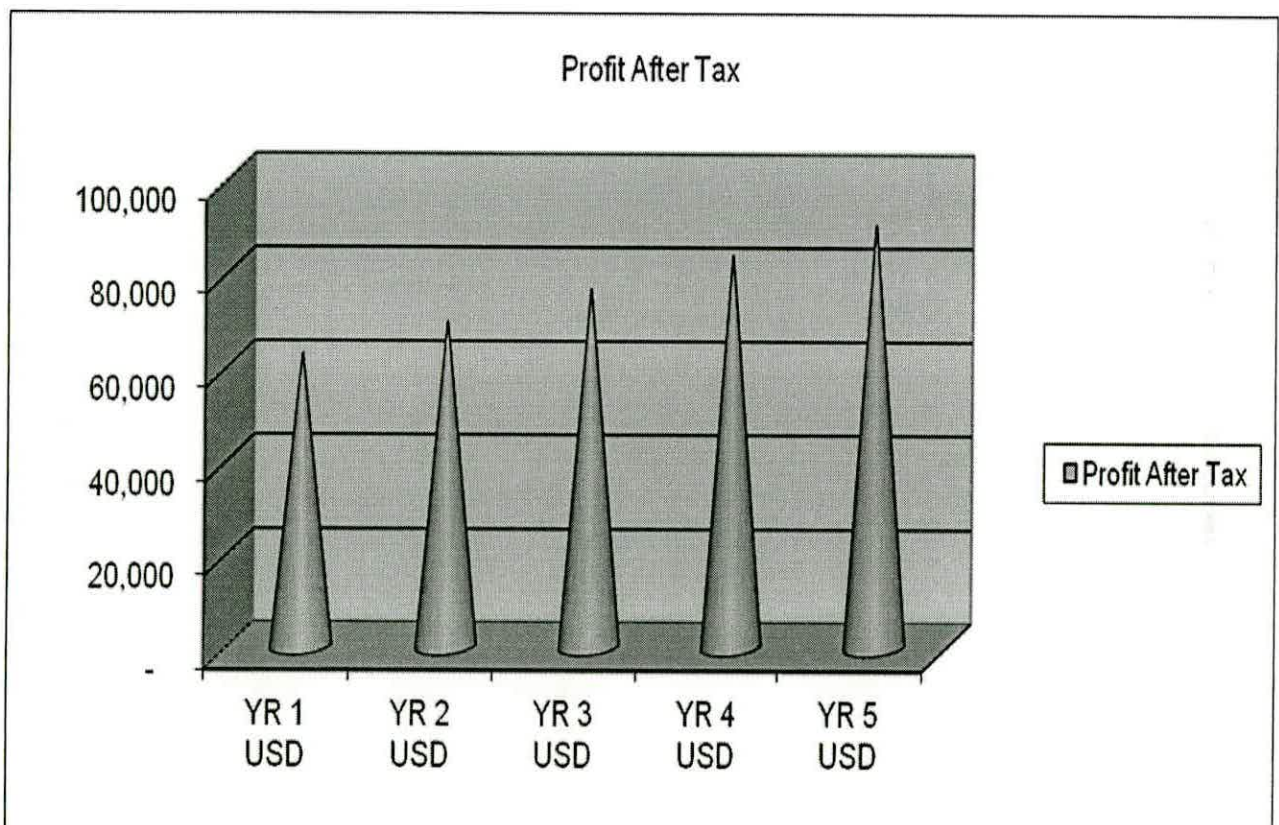
Proposed Project for Establishment of Rice Milling Facilities-- Business Plan

REVENUE PROJECTION					
	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Sales Revenue	1,350,000	1,417,500	1,488,375	1,562,794	1,640,933

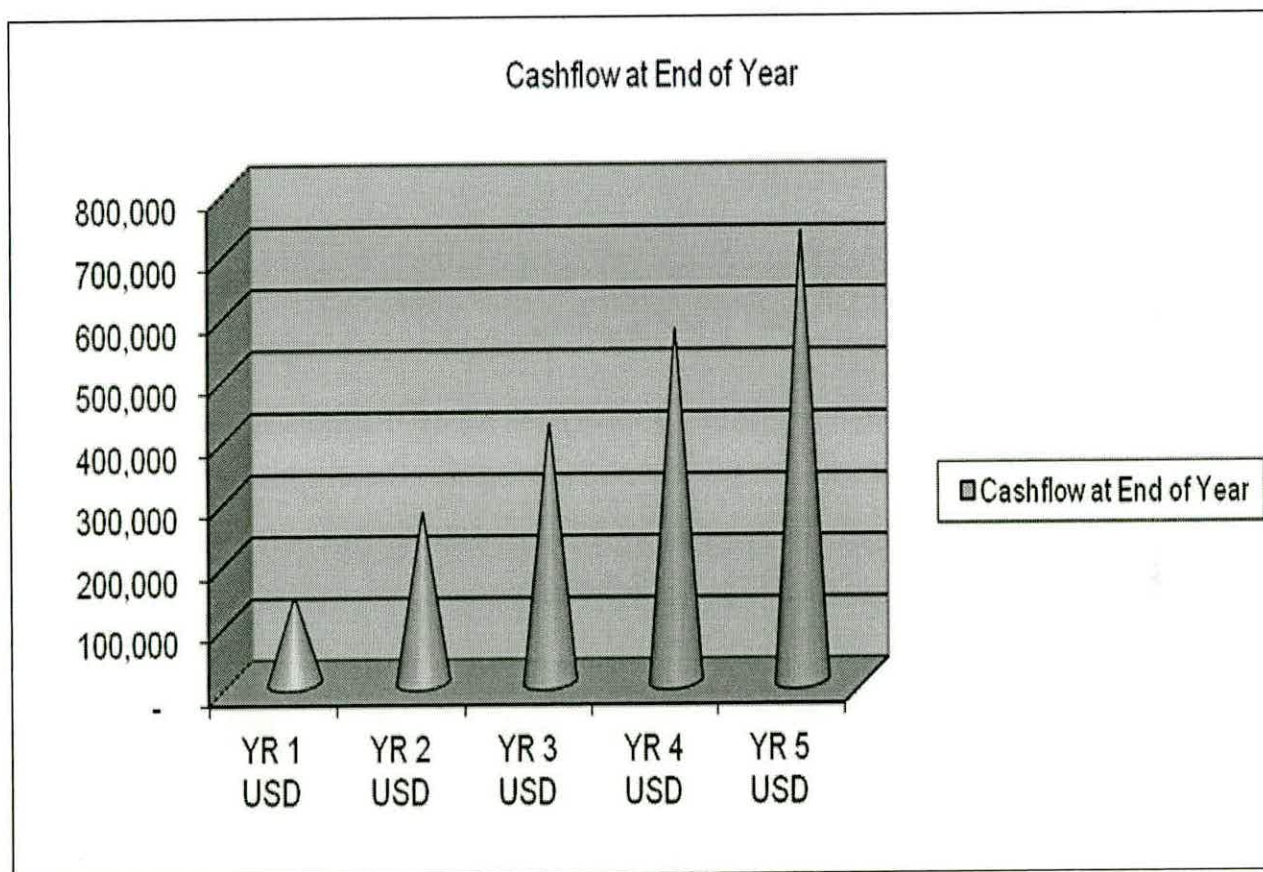


Proposed Project for Establishment of Rice Milling Facilities- Business Plan

PROFIT PROJECTION					
	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Profit After Tax	62,384	69,203	76,221	83,433	90,135



CASH FLOW PROJECTION					
	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Cashflow at End of Year	137,880	273,449	416,889	568,371	727,051



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## TANZANIA INVESTMENT CENTRE

Shaaban Robert Street, P.O. Box 938, Dar Es Salaam, Tel. +255 22 2116328-31, Fax: +255 22 2118253

RECEIPT REC006350

No. 001095


Received from : S. M. HOLDINGS LTD

Address DSM

Received the sum of (In words): ONE HUNDRED SIXTY THOUSAND AND ZERO CENTS ONLY

Payment in respect of: REGISTRATION FEE

Cash / Cheque No: D/Deposit 29/02  
01-Mar-2012  
Date :

BUisso   
Receiving Officer

For Executive Director  
Tanzania Investment Centre



# TANZANIA INVESTMENT CENTRE

## REGISTRATION FORM

FOR

## CERTIFICATE OF INCENTIVES

(Tanzania Investment Act 1997, Section 17 and 18,  
and the Investment Regulations:  
Regulation 42, Government Notice No. 318A of 2002)

**Tanzania Investment Centre**  
9A & B Shaaban Robert Street  
P. O. Box 938  
**DAR ES SALAAM**  
Tel. 022 2116328  
Fax. 022 2118253  
e-mail: [information@tic.co.tz](mailto:information@tic.co.tz)  
Website: [www.tic.co.tz](http://www.tic.co.tz)

**(Please fill the form in duplicate)**

UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT

(No. 26 of 1997)

APPLICATION FOR REGISTRATION

(Made under Regulation 42)

To: The Executive Director  
Tanzania Investment Centre  
P. O. Box 938  
**DAR ES SALAAM**  
Tanzania

1. I/We DIRECTOR  
(director/directors/agent of S.M. HOLDINGS LTD / TRADING AS NKALALO RICE MILLING  
(name of business enterprise) apply for registration of T.I.C

under Section 17 of the Act and Part IV of the Investment Regulations, 2002.

2. The registered office of the company will be situated at PAMBA HOUSE  
MOROGORO - REGION

Copies of the following documents are attached to this application:

- (i) The Memorandum and Articles of Association/or partnership agreement
- (ii) Certificate of Incorporation/Registration
- (iii) A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
- (iv) Evidence of financing and evidence of land ownership for the project

3. The Head Office of the Company will be situated at SAMORA/MOROGORO STREET

4. The Principal Officers of the Company are DIRECTOR "3"  
1. SALEH MBARAK NAHDI 2. ANISA MBARAK BALLETH  
3. FAHAD SALEH NAHDI

5. Auditors of the Company are AUDITOR

6. The authorized share capital of the Company is Tshs./US\$ 1,000,000,000/=  
IN MEMORANDUM.

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 1,000,000,000/=

8. The month and day of the financial year end is DECEMBER

Note: *failure to provide all the required information will result in the return of the application by the Centre.*

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$

160,000/= CASH DEPOSIT

Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, SALEH MBARAK NAHDI of Post Office Number 268 MOROGORO

TANZANIA

do solemnly and sincerely declare that I am a director/duly

authorized agent of S.M. HOLDINGS LTD / TRADING AS NKARALO RICE MILLING

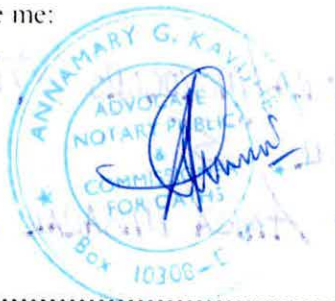
**AND** that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with. **AND** I make this solemn declaration conscientiously believing the same to be true.

Declared at Dar es Salaam }

The 02 day of 03 2012 }

  
Applicant

Before me:



Commissioner for Oaths

APPLICATION SUMMARY

Company Name: S.M. HOLDINGS / TRADING AS NKALALO RICE MILLING

Certificate of Incorporation Number: ..... Status: .....

Certificate of Incorporation Date: .....

Post Box: 268

Town: MOROGORO

Sector: MANUFACTURING

Sub-Sector: RICE MILLING

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity Local Equity Foreign Loan Local Loan

400,000 ..... 600,000 .....

Project Objectives: .....

Capacity: .....

Employment: Foreign: 2 Local: 150 Total: 152

Implementation Period: 36 MONTHS

Project Location

Site/Plot/Block No.: No 1

Street: ..... District: KWIMBA Region: MWANZA

(Attach sketch map showing project location)

Shareholders	Nationality	%
FAHAD SALEH NAHDI	TANZANIAN	30
ANISA MBARAK BALLETH	TANZANIAN	30
SALEH MBARAK NAHDI	TANZANIAN	40

**Investment Breakdown**      **US\$/Tshs.M**

Land/Building	300,000
Plant	400,000
Vehicles	200,000
Furniture & Fittings	30,000
Pre-expenses	10,000
Others	10,000
Working Capital	50,000
<b>TOTAL</b>	<b>1,000,000</b>

**Contact Details:**

Name: SALEH MBARAK NAHDI

Title: MANAGING DIRECTOR

Telephone: 0759-759060

Fax: 2124143

Email: .....

**Payments to be made payable to:**

TANZANIA INVESTMENT CENTRE  
STANDARD CHARTERED BANK TANZANIA LTD.  
SWIFT ADDRESS:      **SCBLTZTX**  
ACCOUNT NO.:      **8702006002000**

*Handwritten signature*

*Handwritten signature*

*Handwritten notes and signatures at the bottom of the page.*



Land Form 23A.

TANZANIA

THE LAND ACT 1999

(NO.4 OF 1999)

CERTIFICATE OF OCCUPANCY

*(Under Section 29)*

Certified as a true copy of the Original



ANNAMARY G. KAVISHE

Advocate, Notary Public & Commissioner for Oaths

Date of Issue: 20-4-04

Title Number: 14771

Land Office Number: 205318.

Land: PLOT NO: 1 NEALALO - KWESA DISTRICT.

Term: THIRTY THREE YEARS.



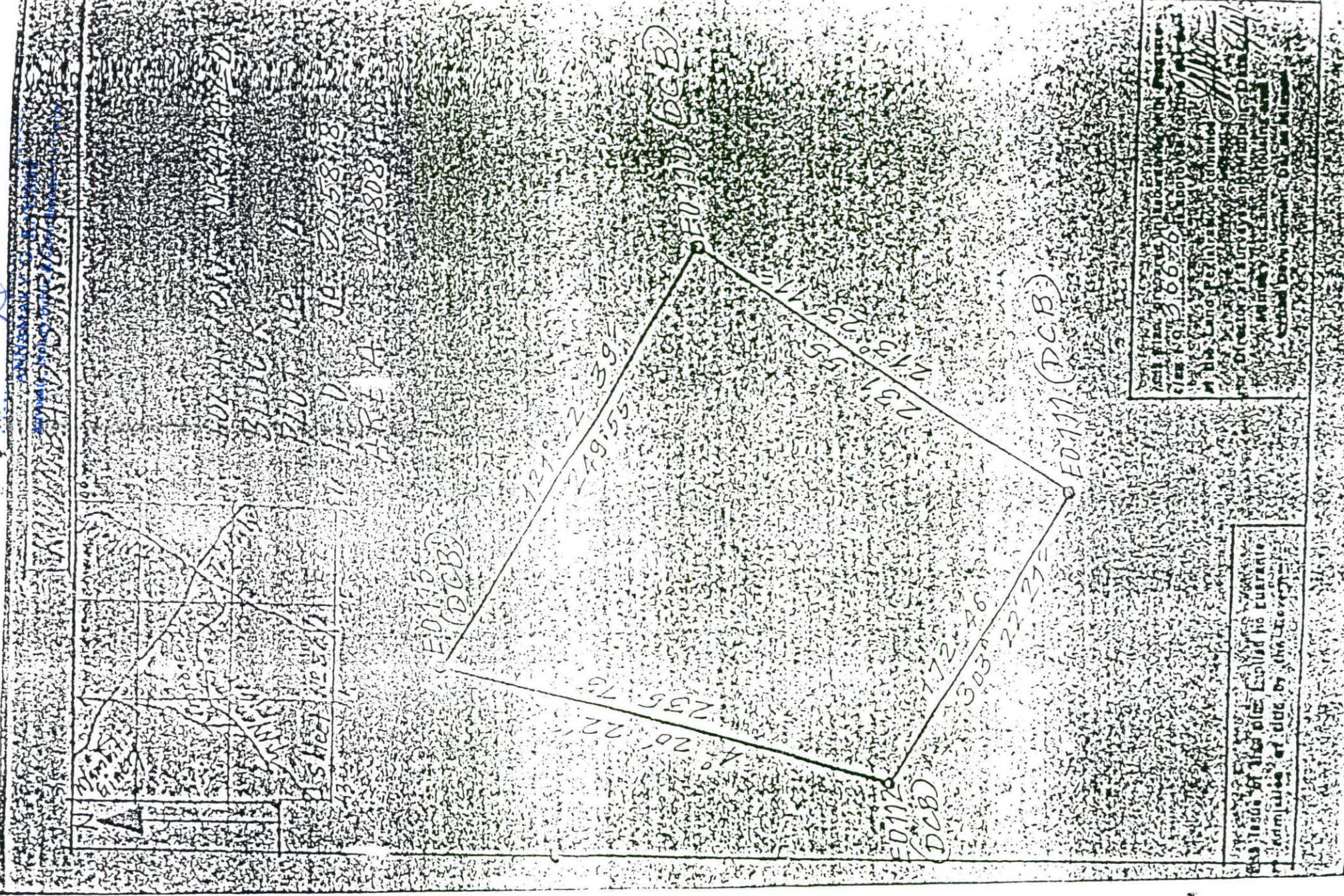
TANGANYIKA  
STAMP DUTY PAID ON  
ORIGINAL'S No. 174907  
Receipt No. 137779 of 29-10-68  
M. M. M. M. M.  
Principal Registrar of Titles

.. 2 ..  
Certified as a true copy of the Original  
ANNAMARY G. KAVISHE  
Advocate, Notary Public & Commissioner for Oaths

Approval of plans of any building by the Authority shall not imply that the construction of such a building will satisfy the occupier's obligation under the conditions of the Right and shall not imply waiver or modification, of any condition in the Right.

3. (i) The Occupier shall not subdivide the land or assign, sublet or otherwise dispose of or deal with the whole or any part of it or of any building on it without the previous written consent of the Commissioner.
- (ii) Occupation or use of the whole or any part of the land or building on it by any person other than the occupier or its employees, agents or contractors shall be deemed a dealing with the land or buildings.
4. The Commissioner shall have an absolute discretion to give or withhold consent under condition 3. Any dealing or agreement (other than a mortgage or charge) entered into before compliance with condition 2(iv) will not receive consent except in special circumstances of which the Commissioner shall be the sole judge.
5. The Occupier shall further:-
  - (i) Make and maintain on the land throughout the term adequate arrangements for water supply, drainage and disposal of trade refuse and effluent to the satisfaction of the Authority;
  - (ii) Make and keep all the buildings on the land rat-proof and carry out such measures as the Medical Officer of Health for the Authority may require for this purpose;
  - (iii) provide and maintain on the land such ablution facilities and take and maintain such hygienic measures as may be required by the said Medical Officer of Health;
  - (iv) fence the land with a good quality fencing. Car-parking spaces shall be provided as required by the Authority. Loading and unloading facilities shall be provided within the boundaries of the land.
6. The Occupier shall pay to the Commissioner on demand made:-
  - (i) any further fees or stamp duties which may be discovered to be payable by the Occupier in connection with the Right;
  - (ii) an amount equal to any contribution in lieu of rates which may be payable by Government for the land during the term of the Right;
  - (iii) such sum as the Commissioner shall assess as a proper share payable for the land of the cost of making up the road or improvement of same upon which the land fronts, abuts or adjoins, whether such demand is made before during or after such making or improving thereof. This condition does not oblige Government to make or improve road.

*Ann*



This plan, drawing or map is the property of the State of Michigan and is loaned to you for your use only. It is not to be reproduced, copied, or in any way disseminated without the written consent of the Director of the Department of Natural Resources.

State of Michigan  
 Department of Natural Resources  
 1500 West Grand Avenue  
 Lansing, Michigan 48906

The State of Michigan warrants that the information contained herein is true and correct as of the date of the survey.

Certified as a true copy of the Original

ANNAMARY G. KAVISHE


Advocate, Notary Public & Commissioner for Oaths

- 7. The land and the buildings erected thereon shall be used for Special Industry purposes only; Use Group 'E' Use class (b) as defined in the Town and Country planning (Use Classes) Regulations, 1960 as amended in 1993.
- 8. The President may revoke the Right for good cause and in public interest.

RECEIPTS

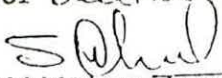
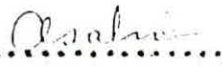
ALL that piece or parcel of land known as Plot No: 1-Khalalo - Kwinba District containing four decimal point eight zero eight (4,809) hectares shown for identification only edged red on the plan attached to this Certificate and defined on registered survey plan numbered 56676 deposited at the office of the Director for Surveys and Mapping at Dar es Salaam.

GIVEN under my hand and seal and by order of the Minister the day and year first above written.

  
 COMMISSIONER FOR LANDS.

The within-named S.M. HOLDINGS LIMITED hereby accept the terms and conditions contained in the foregoing Certificate of Occupancy.

SEALED with the COMMON SEAL of the said S.M. HOLDINGS LIMITED and DELIVERED in the presence of us this 5<sup>th</sup> day of December 2005.

Signature:   
 Postal Address: P.O. Box 1321  
 MWANZA  
 Qualification: MANAGING DIRECTOR  
 Signature:   
 Postal Address: P.O. Box 1321  
 MWANZA



Date: 02<sup>nd</sup> March 2012

Our Ref.: NIC/055094/SCB

THE EXECUTIVE DIRECTOR,  
TANZANIA INVESTMENT CENTRE  
P.O.BOX  
NO.9 A&B SHABAAN ROBERT STREET,  
DAR ES SALAAM

Dear Sir/Madam,

**RE: S.M. HOLDINGS LTD**

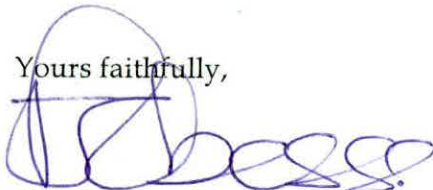
The following information provided is strictly confidential for your private use only without any responsibility on the part of this Bank or its officials, and where the information has been obtained from another Bank without responsibility on their official's part.

We would like to confirm that **S.M Holdings Ltd** operates an account with us under name of S.M Holdings Co. Ltd with account No. **TZS 0102005509400 & USD 8702005509400**

The operation of the accounts is generally satisfactory.

Any assistance rendered by them will be highly appreciated

Yours faithfully,



**JOSEPH MWAIPASI  
BRANCH MANAGER**



# Certificate of Incorporation

No. 34882

I HEREBY CERTIFY THAT

S. M. HOLDINGS

Limited

is this day incorporated under the Companies Ordinance (Cap. 212) and that the Company is Limited.

Given under my hand at Dar es Salaam

this 30TH day of SEPTEMBER,

One thousand nine hundred and NINETY EIGHT.

Asst. Registrar of Companies



# S.M.HOLDINGS LTD

**PAMBA HOUSE**

P.O.Box : 268, Morogoro - Tanzania  
Tel : +255 23 2604080

**NKALALO GINNERY, OIL MILL & RICE MILL LTD.**

P.O.Box : 1321, Mwanza - Tanzania  
Tel : +255 28 2502539 / +255 783 500500

E-Mail : [smholdings@cats-net.com](mailto:smholdings@cats-net.com)

①

Our Ref : SML/TIC/01/12

Date: 02/03/2012

The Executive Director,  
Tanzania Investment Centre  
P.O.Box 938  
**Dar es Salaam**  
TANZANIA



Dear Sir

**RE : APPLICATION FOR TIC CERTIFICATE OF INCENTIVES.**

We intend to establish state of the art rice milling and processing facilities at Plot No. 1- Nkalalo Area, Kwimba District – Mwanza. It is due to this reason that we submit our application for TIC Certificate of Incentives to facilitate smooth execution of this project.

Attached herewith please find the following basic documents for your kind approval:

1. Duly completed and signed Application Form
2. A copy of our Certificate of Incorporation
3. A copy of the company's Memorandum and Articles of Association
4. Company Board Resolution to register with TIC
5. A copy of our Business Plan
6. Evidence of land ownership for location of the project
7. Bank reference letter

Thanking you for your kind cooperation.

Yours' sincerely,  
**S.M.HOLDINGS LIMITED**

Saleh M. Nahdi  
**MANAGING DIRECTOR**





# S.M.HOLDINGS LTD

**PAMBA HOUSE**

P.O.Box : 268, Morogoro - Tanzania  
Tel : +255 23 2604080

**NKALALO GINNERY, OIL MILL & RICE MILL LTD.**

P.O.Box : 1321, Mwanza - Tanzania  
Tel : +255 28 2502539 / +255 783 500500

E-Mail : [smholdings@cats-net.com](mailto:smholdings@cats-net.com)

## EXTRACT FROM A MEETING OF THE BOARD OF DIRECTORS AND SHAREHOLDERS OF S.M.HOLDINGS LIMITED

At a duly convened and constituted meeting of the board of directors of S.M. Holdings Limited held at the registered offices of the company on the 11<sup>th</sup> day of January 2012, the following resolutions were passed:

1. That the company should establish a project for rice milling and processing to be located at Plot No. 1-Nkalalo Area , Kwimba District – Mwanza.
2. That funds amounting to US\$ 1,000,000 be raised through equity contributions as well as bank loans to facilitate implementation of the project.
3. That the project be registered with Tanzania Investment Centre so as to enjoy fully investment incentives, benefits and protection as statutorily provided for under Tanzania Investment Act, 1997.

Certified True Extract  
(By order of the Board)

Chairman

Secretary



## TIC Evaluation Report

Name of the Company  
S. M. Holdings Ltd.

Post Box	Plot No. 1 Kwimba	COI Number	Xxx22Xx	Contact	Mr. Saleh Mbarak Nahdi
Post Office	268, Morogoro	COI Date	03/06/2012	Designation	Managing Director
Region	Mwanza	Application F. No	09942	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0759 759060
		Sub Sector	Rice Milling	Fax	022 2124143
		File No	042195	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD											
Plot/Block	Plot No. 1	<table border="1"> <thead> <tr> <th>Foreign Equity</th> <th>Local Equity</th> <th>Foreign Loan</th> <th>Local Loan</th> </tr> </thead> <tbody> <tr> <td>0.4</td> <td>0</td> <td>0.6</td> <td>0</td> </tr> </tbody> </table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	0.4	0	0.6	0			
Foreign Equity	Local Equity		Foreign Loan	Local Loan									
0.4	0		0.6	0									
Plot	Kwimba												
District	Kwimba												
Region	Mwanza												

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	0.3
Saleh Mbarak Nahdi	Tanzanian	40	Plant	0.4
Anisa Mbarak Balleth	Tanzanian	30	Vehicles	0.2
Fahad Saleh Nahdi	Tanzanian	30	Furniture & Fittings	0.03
			Pre-expenses	0.01
			Others	0.01
			Working Capital	0.05
			Total	1

Employment	152	Evaluated By	wf officer4
Capacity	xxxx	Drawn By	wf regist3
Project Turn Over		Project Type	Foreign

### Description

To establish rice milling project

### Recommendations

Be approved subject to providing evidence as required by section 17 of Tanzania Investment Act, 1997

### Decision

*Approved*  
*Bhauw*  
*Ag. 18/3*

TICC/PP.10/042195/3

20<sup>th</sup> March, 2012

Managing Director,  
S. M. Holdings Ltd.,  
P.O. Box 268,  
**MWANZA**

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE  
ESTABLISHMENT OF RICE MILLING PROJECT**

We wish to acknowledge receipt of your project proposal to establish rice milling project as presented in the TIC P.A. 1 Form No. 09942 and Feasibility Study with a projected investment of USD 1m.

We have studied your project proposal and are pleased to inform you that your investment proposal is now officially registered and therefore your project will be granted a CERTIFICATE OF INCENTIVES, given under authority conferred upon TIC under Part III, Section 17 (1-8) of the Tanzania Investment Act, 1997.

You will be required to submit to the Centre a Progress Report on the implementation of the project after every six months for our information and review. Guidelines for the preparation of the report are contained in annexure 2 also attached to this letter. Please do not hesitate to contact the Centre for any clarification if the need arises. Please also note that a facilitation fee equivalent to US\$ 750.00 is payable at the ruling exchange rate before your Certificate of Incentives is prepared. Please make deposit direct to the bank as per bank details below:-

.../2

TICC/PP.10/042195/3

20<sup>th</sup> March, 2012

*Tanzania Investment Centre  
Standard Chartered Bank (T) Ltd  
US Dollar A/C 8702006002000  
T.Shs A/C 0102006002000*

We wish you every success in the implementation of the project.

Yours sincerely,  
**Tanzania Investment Centre**



R.P. Mbilinyi  
**AG: EXECUTIVE DIRECTOR**

**Copy to:** Permanent Secretary,  
Ministry of Finance,  
P. O. Box 9111,  
**DAR ES SALAAM**

Permanent Secretary,  
Ministry of Industry, Trade and Marketing,  
P.O. Box 9503,  
**DAR ES SALAAM**

Commissioner General,  
Tanzania Revenue Authority,  
P. O. Box 11491,  
**DAR ES SALAAM**



## TANZANIA INVESTMENT CENTRE

Shaaban Robert Street, P.O. Box 938, Dar Es Salaam, Tel. +255 22 2116328-31, Fax: +255 22 2118253

RECEIPT REC006566

No. 001303

Received from : S. M. HOLDINGS LTD

Address P. O. Box 268 MOROGORO

Received the sum of (In words): SEVEN HUNDRED FIFTY AND ZERO CENTS ONLY

Being payment in respect of CERTIFICATE OF INCENTIVES

Amount : USD 750.00

Cash / Cheque No: 002156 of 19/03

Date : 21-Mar-2012

4



Receiving Officer



00218599

THE UNITED REPUBLIC OF TANZANIA

# Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042195

## This is to certify that

S.M. HOLDINGS LIMITED

of address P.O. BOX 268

MOROGORO

has been granted a Certificate of Incentives to invest in a new, ~~new~~ ~~expansion~~ ~~or~~ ~~equity~~ of the enterprise known as

S.M. HOLDINGS LIMITED

Which is located at PLOT NO. 1 KWIMBA

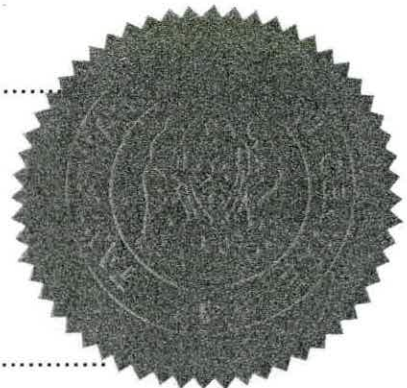
KWIMBA - MWANZA

Further particulars required by Section 17 of the Tanzania Investment Act are set out overleaf.

Ag. Executive Director

Tanzania Investment Centre  
P.O. Box 938, Dar es Salaam

Dated 26TH MARCH 2012



This Certificate is issued in accordance with the provisions of Section 17 of the Tanzania Investment Act, 1997 and subject to the conditions prescribed under item 14 and 15 hereafter:—

1. Shareholders  

Shareholders	Nationality	Shareholding (%)
Saleh Mbarak Nahdi	Tanzanian	40
Anisa Mbarak Balleth	Tanzanian	30
Fahad Saleh Nahdi	Tanzanian	30
2. Proposed Activities : **To establish rice milling project**
3. Sector: **Manufacturing** Subsector **Rice Milling**
4. Investment cost: Foreign **-** Local **USD 1m.** Total **USD 1m.**
5. Project Financing:  
Equity **USD 0.4m.** Loans **USD 0.6m.** Total **USD 1m.**
6. Source, terms and conditions of loan
7. Assets to be invested:  

Capital items:	Foreign	Local	Total
	<b>-</b>	<b>USD 1m.</b>	<b>USD 1m.</b>
8. Technology Agreement **None**
9. Date of TIC Registration: **March 2012**
10. Implementation period **March 2012 - February 2015**
11. Operative date **March 2015**
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997  
(i) Applicable Import Duty **And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997**  
(ii) Applicable with-holding Tax **As per Income Tax Act, 2004 (as amended)**  
(iii) Eligibility of Capital Allowances **As per Income Tax Act, 2004 (as amended)**
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
14. Conditions attached to this Certificate of Incentives  
(i) Date of Commencement of investment has to be notified to the Centre.  
(ii) Certificate not to be transferred, assigned or amended  
(iii) Failure to commence implementation within two years invalidates Certificate  
(iv) Failure to operate investment must be notified to the Centre  
(v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate  
**Finished goods are not allowed under this Certificate**

Signed   
Ag. Executive Director



# S.M.HOLDINGS LTD

**PAMBA HOUSE**

P.O.Box : 268, Morogoro - Tanzania  
Tel : +255 23 2604080

**NKALALO GINNERY, OIL MILL & RICE MILL LTD.**

P.O.Box : 1321, Mwanza - Tanzania  
Tel : +255 28 2502539 / +255 783 500500

E-Mail : [smholdings@cats-net.com](mailto:smholdings@cats-net.com)

Ref: SML/TIC/TRA/019/12

THE EXECUTIVE DIRECTOR  
TANZANIA INVESTMENT CENTRE  
P.O.BOX 938,  
DAR ES SALAAM,  
TANZANIA.



Dear Sir,

**RE: LIST OF ITEMS TO BE IMPORTED UNDER THE PROJECT WITH TIC  
CERTIFICATE NO.042195.**

Please refer to the above subject.

Our company has been granted Certificate of Incentive No. 042195 for a Rice Milling Project (copy attached). We show the items that will be imported for this project (attached list no. A1 & 2) under the grace of this certificate.

Thanking you in advance for your usual good cooperation and support.

Yours faithfully,

**S.M.HOLDINGS LTD**

**FAHAD S. NAHDI**  
**MANAGING DIRECTOR.**

**CC:**  
**COMMISSIONER FOR CUSTOMS AND EXCISE**  
**P.O.BOX 9053**  
**DAR ES SALAAM,**  
**TANZANIA.**



# S.M.HOLDINGS LTD

**PAMBA HOUSE**

P.O.Box : 268, Morogoro - Tanzania

Tel : +255 23 260 4080.

**NKALALO GINNERY, OIL MILL & RICE MILL LTD**

P.O.Box : 1321, Mwanza - Tanzania.

Tel : +255 28 250 2539/ +255 754 742742

E-mail : [smholdings@cats-net.com](mailto:smholdings@cats-net.com)

S/NO.	DESCRIPTION	QUANTITY
1	SUCTION EQUIPMENT & ACCESSORIES	2SET
2	CLEANERS & ACCESSORIES	2SET
3	DISTRIBUTION SCREEN CONVEYOR & ACCESSORIES	3SET
4	LINT SUCTION SYSTEM MACHINE	2SET
5	STRUCTURE FOR AUTOMATION MACHINE	2SET
6	DUST COLLECTION SCREW CONVEYOR FOR PRE CLEANER	1SET
7	OVERHEAD SCREW CONVEYOR/ BUCKET ELEVATOR & ACCESSORIES	2SET
8	OVERFLOW HANDLING AND REGULATED FEEDING SYSTEM	3SET
9	CIRCOT BAJAJ PRE CLEANER	2NOS
10	BAJAJ AUTO REGULATOR JUMBO WITH ACCESSORIES	29NOS
11	MAIN PANEL OF ELECTRICAL ASSEMBLY	3SET
12	DIA SCREW LONGITUDINAL CONVEYOR WITH ACCESSORIES	66MTS
13	DIA SCREW DISTRIBUTION CONVEYOR WITH ACCESSORIES	66MTS
14	DIA SCREW OVERFLOW CONVEYOR WITH ACCESSORIES	15MTS
15	PER LINE FOR CONVEYOR FOR END PLATES WITH ACCESSORIES	6NOS
16	PER LINE FOR CONVEYOR FOR END PLATES WITH ACCESSORIES	6NOS
17	BAJAJ SUCTION BATTERY CONDESER WITH ACCESSORIES	2NOS
18	CYCLONE	2NOS
19	BLOWER/ CENTRIFUGAL FAN	2NOS
20	CONVEYOR BRACKET WITH ACCESSORIES	4NOS
21	DRIVING STAND WITH ACCESSORIES	3NOS
22	OUTLET MOUTH WITH ACCESSORIES	2NOS
23	PER LINE DRIVE ARRANGEMENT FOR SCREW CONVEYOR	2SET
24	BAJAJ SUCTION AIR SEPARATOR WITH ACCESSORIES	2NOS
25	ROTARY AIR LOCK WITH ACCESSORIES	2NOS
26	AGRUNDO MILLING PLANT TPH 5 TPH MACHINE WITH ACCESSORIES	2SET
27	SHINNING MACHINE KB40 COMPLETE WITH ACCESSORIES	2SET
28	I BEAM OR C- CHANEL 3" - 4" - 6" - 8"	60PCS
29	BLACK PIPE 4"	20PCS
30	CONCRETE BLOCK MAKING AUTOMATIC MACHINE	1NOS

31	BLACK PIPE 3"	15PCS
32	BLACK PIPE 2"	60PCS
33	ANGLE ICON 2" X 2" - 6MM	60PCS
34	ANGLE ICON 2" X 2" - 3MM	40PCS
35	SUQUARE PIPE 2" X 2" - 2MM	50PC
36	SUQUARE PIPE 2" X 2" - 1.5MM	80PCS
37	SUQUARE PIPE 1 1/4" X 1 1/4" - 1.5MM	100PCS
38	M.S. PLATE 12MM	4PCS
39	M.S. PLATE 1.5MM	50PCS
40	ROOFING SHEET MAXCOVER	R6500MTS
41	CEMENT BOA	430TONS
42	TRUCK 4TON	2NOS
43	TRUCK TIPPER	2NOS
44	PICK UP	4NOS
45	TRUCK 10-30 TON	8NOS
46	GENERATOR 250 KVA	2NOS
47	TRANSFORMER 315 KVA	2NOS
48	SIM TANKS 10,000 LITRES	5NOS
49	SIM TANKS 2,000 LITRES	5NOS
50	REINFORMENTS:	
	25MM DIAMETER BARS	5TONS
	20MM DIAMETER BARS	8TONS
	16MM DIAMETER BARS	40TONS
	12MM DIAMETER BARS	39TONS
	8MM DIAMETER BARS	22TONS
	BINDING WIRE	2TONS
51	BOILER 10MT	1NOS



# TANZANIA REVENUE AUTHORITY

## Certificate of Registration for Value Added Tax (VAT)

(ISSUED UNDER SECTION 2D OF THE VALUE ADDED TAX ACT NO. 24 OF 1997)

THIS IS TO CERTIFY THAT

*S. M. HOLDING LIMITED*

WHOSE TAXPAYER IDENTIFICATION NUMBER (TIN) IS

100-227-924

HAS BEEN REGISTERED FOR VALUE ADDED TAX (VAT)

AND ASSIGNED VAT REGISTRATION NUMBER (VRN)

25-011178-J

FOR BUSINESS LOCATED AT PLOT NO. 101 ZONE II

OLD DSM ROAD

WITH EFFECT FROM 1st October 1998

GIVEN UNDER MY HAND

THIS 7th DAY OF October 1998

*[Signature]*  
COMMISSIONER FOR VAT



NOTE: THE REQUIREMENTS UNDER WHICH THIS CERTIFICATE IS ISSUED ARE STATED OVERLEAF



00218599

THE UNITED REPUBLIC OF TANZANIA

# Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: ....042195.....

## This is to certify that

.....  
S.M. HOLDINGS LIMITED  
.....

of address ..... P.O. BOX 268  
.....

MOROGORO  
.....

has been granted a Certificate of Incentives to invest in a new, ~~rehabilitation/expansion~~  
~~or equity of the enterprise known as~~

X  
.....  
S.M. HOLDINGS LIMITED  
.....

Which is located at ..... PLOT NO. 1 KWIMBA  
.....

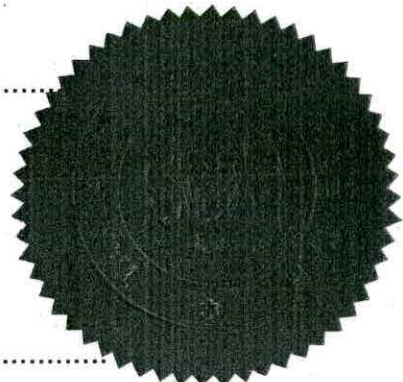
KWIMBA - MWANZA  
.....

Further particulars required by Section 17 of the Tanzania Investment Act are set out overleaf.

.....  
Ag. Executive Director

Tanzania Investment Centre  
P.O. Box 938, Dar es Salaam

Dated ..... 26TH MARCH 2012 .....



This Certificate is issued in accordance with the provisions of Section 17 of the Tanzania Investment Act, 1997 and subject to the conditions prescribed under item 14 and 15 hereafter:—

1. Shareholders  

Shareholders	Nationality	Shareholding (%)
Saleh Mbarak Nahdi	Tanzanian	40
Anisa Mbarak Balleth	Tanzanian	30
Fahad Saleh Nahdi	Tanzanian	30
2. Proposed Activities : **To establish rice milling project**
3. Sector: **Manufacturing** Subsector **Rice Milling**
4. Investment cost: Foreign **-** Local **USD 1m.** Total **USD 1m.**
5. Project Financing: Equity **USD 0.4m.** Loans **USD 0.6m.** Total **USD 1m.**
6. Source, terms and conditions of loan.....
7. Assets to be invested:  

Capital items:	Foreign	Local	Total
	<b>-</b>	<b>USD 1m.</b>	<b>USD 1m.</b>
8. Technology Agreement **None**
9. Date of TIC Registration: **March 2012**
10. Implementation period **March 2012 - February 2015**
11. Operative date **March 2015**
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
  - (i) Applicable Import Duty **And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997**
  - (ii) Applicable with-holding Tax **As per Income Tax Act, 2004 (as amended)**
  - (iii) Eligibility of Capital Allowances **As per Income Tax Act, 2004 (as amended)**
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
14. Conditions attached to this Certificate of Incentives
  - (i) Date of Commencement of investment has to be notified to the Centre.
  - (ii) Certificate not to be transferred, assigned or amended
  - (iii) Failure to commence implementation within two years invalidates Certificate
  - (iv) Failure to operate investment must be notified to the Centre
  - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate  
**Finished goods are not allowed under this Certificate**

Signed   
Ag. Executive Director

**TICC/PP.10/042195/6**

**02/04/2012**

Commissioner for Customs & Excise,  
Tanzania Revenue Authority,  
P.O. Box 9053,  
**DAR ES SALAAM**

Dear Sir,

**RE: DUTY/VAT REMISSIONS ON THE CAPITAL/DEEMED  
CAPITAL GOODS OF CERTIFICATE OF INCENTIVES NO.  
042195**

**M/S S.M. Holdings Limited** is a TIC registered company with certificate of incentives **No. 042195** which is valid up to **February 2015**

The company has been registered with objectives of establishing rice milling project.

Attached herewith please find a list of Capital/ Deemed Capital Goods for Duty and VAT remissions approval.

Yours sincerely

**TANZANIA INVESTMENT CENTRE**

  
N.A. Senzia

**FOR: EXECUTIVE DIRECTOR**



# TANZANIA REVENUE AUTHORITY

TRA/CE/C/P.20/8/2080

16<sup>th</sup> April, 2012

Managing Director,  
S.M Holdings Limited,  
P. O. Box 268,  
**Morogoro.**

Dear Sir,

**RE: DUTY/VAT EXEMPTION ON CAPITAL/DEEMED CAPITAL GOODS-  
CERTIFICATE OF INCENTIVES NO. 042195 OF 26.03.2012 AND TIN  
NO.100-227-924**

We are writing in response to your letter ref.SML/TIC/TRA/019/12 as supported by a letter ref./TICC/PP.10/042195/6 dated 02.04.2012 from Tanzania Investment Centre regarding the captioned subject.

We hereby confirm and approve items as per a **two - page list** herewith attached as capital/deemed capital goods for establishment and operation of a project with the Certificate of Incentives mentioned above. It is a condition that locally manufactured items are to be procured locally. However approval on Tipper lorry could not be granted as it is not among items eligible for exemption under manufacturing projects. It should be noted however that the vehicles should be of less than ten years old at the time of importation. Building materials could not be approved because the Bill of Quantity (BOQ) has not been certified by a Registered Quantity Surveyor.

The approved items will be subject to 0% import duty and VAT relief under the Third Schedule to the VAT Act, Cap 148. You will however be required to complete VAT forms 224 on importations and submit the same to the undersigned for approval before clearance through customs; for locally procured items the completed VAT 224 forms should be submitted to the Commissioner for Domestic Revenue.

Sincerely yours,

Narcis Lumumba

**For: COMMISSIONER FOR CUSTOMS AND EXCISE**

DDT/-

- c.c. Manager – Tax Exemptions
- c.c. Regional Manager – Mwanza
- ✓ c.c. Executive Director, Tanzania Investment Centre, DSM

**ISO 9001:2008 Certified**

**CUSTOMS & EXCISE DEPARTMENT**

Sokoine Drive, P.O. Box 9053, Dar es Salaam, Tanzania

Tel: 255-22-2117765 or 255-22-2127783/4/6/8 Fax: 255-22-2138878/2135193



# S.M.HOLDINGS LTD

PAMBA HOUSE

NKALALO GINNERY, OIL MILL & RICE MILL LTD

P.O.Box : 268, Morogoro - Tanzania

P.O.Box : 1321, Mwanza - Tanzania.

Tel : +255 23 260 4080.

Tel : +255 28 250 2539/ +255 754 742742

E-mail : smholdings@cats-net.com

S/NO.	DESCRIPTION	QUANTITY
1	SUCTION EQUIPMENT & ACCESSORIES	2SET
2	CLEANERS & ACCESSORIES	2SET
3	DISTRIBUTION SCREEN CONVEYOR & ACCESSORIES	3SET
4	LINT SUCTION SYSTEM MACHINE	2SET
5	STRUCTURE FOR AUTOMATION MACHINE	2SET
6	DUST COLLECTION SCREW CONVEYOR FOR PRE CLEANER	1SET
7	OVERHEAD SCREW CONVEYOR/ BUCKET ELEVATOR & ACCESSORIES	2SET
8	OVERFLOW HANDLING AND REGULATED FEEDING SYSTEM	3SET
9	CIRCOT BAJAJ PRE CLEANER	2NOS
10	BAJAJ AUTO REGULATOR JUMBO WITH ACCESSORIES	29NOS
11	MAIN PANEL OF ELECTRICAL ASSEMBLY	3SET
12	DIA SCREW LONGITUDINAL CONVEYOR WITH ACCESSORIES	66MTS
13	DIA SCREW DISTRIBUTION CONVEYOR WITH ACCESSORIES	66MTS
14	DIA SCREW OVERFLOW CONVEYOR WITH ACCESSORIES	15MTS
15	PER LINE FOR CONVEYOR FOR END PLATES WITH ACCESSORIES	6NOS
16	PER LINE FOR CONVEYOR FOR END PLATES WITH ACCESSORIES	6NOS
17	BAJAJ SUCTION BATTERY CONDESER WITH ACCESSORIES	2NOS
18	CYCLONE	2NOS
19	BLOWER/ CENTRIFUGAL FAN	2NOS
20	CONVEYOR BRACKET WITH ACCESSORIES	4NOS
21	DRIVING STAND WITH ACCESSORIES	3NOS
22	OUTLET MOUTH WITH ACCESSORIES	2NOS
23	PER LINE DRIVE ARRANGEMENT FOR SCREW CONVEYOR	2SET
24	BAJAJ SUCTION AIR SEPARATOR WITH ACCESSORIES	2NOS
25	ROTARY AIR LOCK WITH ACCESSORIES	2NOS
26	AGRUNDO MILLING PLANT TPH 5 TPH MACHINE WITH ACCESSORIES	2SET
27	SHINNING MACHINE KB40 COMPLETE WITH ACCESSORIES	2SET
28	I BEAM OR C- CHANEL 3"- 4" - 6" - 8"	60PCS
29	BLACK PIPE 4"	20PCS
30	CONCRETE BLOCK MAKING AUTOMATIC MACHINE	1NOS

APPROVED  
*[Signature]*





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32	BLACK PIPE 2"	60PCS
33	ANGLE ICON 2" X 2" - 6MM	60PCS
34	ANGLE ICON 2" X 2" - 3MM	40PCS
35	SUQUARE PIPE 2" X 2" - 2MM	50PC
36	SUQUARE PIPE 2" X 2" - 1.5MM	80PCS
37	SUQUARE PIPE 1 1/4" X 1 1/4" - 1.5MM	100PCS
38	M.S. PLATE 12MM	4PCS
39	M.S. PLATE 1.5MM	50PCS
40	ROOFING SHEET MAXCOVER	R6500MTS
41	CEMENT	430TONS
42	TRUCK 4TON	2NOS
43	TRUCK TIPPER	2NOS
44	PICK UP	4NOS
45	TRUCK 10-30 TON	8NOS
46	GENERATOR 250 KVA	2NOS
47	TRANSFORMER 315 KVA	2NOS
48	SIM TANKS 10,000 LITRES	5NOS
	SIM TANKS 2,000 LITRES	5NOS
49	REINFORMENTS:	
	25MM DIAMETER BARS	5TONS
	20MM DIAMETER BARS	8TONS
	16MM DIAMETER BARS	40TONS
	12MM DIAMETER BARS	39TONS
	8MM DIAMETER BARS	22TONS
	BINDING WIRE	2TONS
50	BOILER 10MT	1NOS

Boa

APPROVED  
*[Signature]*

