

324

To: Ag. DIF

From: ZM (C)

Date: 23rd Jan 2020

**Re: PROJECT VERIFICATION VISIT (PVV) REPORT FOR PURANDARE INDUSTRIES (T) LIMITED-CHAMWINO,
DODOMA TANZANIA CONDUCTED ON 23RD JANUARY, 2020**

| | | STATUS | CHALLENGES |
|-----|-------------------------------|---|--|
| 1. | Project Name | Purandare Industries (T) Limited | |
| | Project Location | Plot No 1 Block A Dabalo-Chamwino District, Dodoma Region | Delayed issuance of title deed to TIC and hence Derivative Right to Investors. DR was issued in May, 2019 |
| 2. | Contact persons | Mr. Satish Purandare Tel +919422069393 | |
| 3. | Project Registration date | January, 2017 valid to December, 2019 | |
| 4. | Project Implementation Period | January, 2017-December, 2019 | Project Implementation period expired in January, 2020 |
| 5. | Sector | Agriculture and Agro-processing | |
| 6. | Sub Sector | Sugar Processing Facility-Obtaining raw materials i.e. sugar cane from small scale farmers in Chamwino using out grower system | |
| 7. | Objective of the Visit | To verify project implementation status subsequent to an application for project implementation period extension | |
| 8. | Planned Activities/Investment | On phone conversation, investor informed the PVV team that only after the TIC extension is obtained the company will initiate importation of plant and machinery. | |
| 9. | Reasons for Extension | Investor has applied for project implementation period extension for 28 months to enable the company to start project construction after land DR has been granted | |
| 10. | Current Status and Findings | Investor has obtained initial approvals including a MoU with Chamwino District Council, Derivative Right, NEMC, TBS and TRA capital/deemed | <ul style="list-style-type: none">• Delay in obtaining the Derivative Right caused by the length |

| | STATUS | CHALLENGES |
|--|--|--|
| | <p>capital goods list. However the project infrastructure construction such as buildings and installation of plant and machinery has not started therefore at present only bare land is there. During the visit, investor Mr Satish was not on site and telephone communication was used to discuss the visit. He informed the team that currently he is in India where he is mobilizing project plant, machinery and equipment. The delay on construction of the project has been caused by delay in obtaining the land approvals which was finally obtained in May, 2019.</p> <p>In order for the project to be implemented smoothly, it will require a smooth flow of sugar cane from out growers. Investor is therefore required to work with government authorities to mobilize and facilitate small farmers to engage in the sugar cane farming activities. At present the Sugar Board of Tanzania (SBT) and Chamwino Authorities have jointly financed and established a 40 acres seed cane nursery at the site of which seeds would be distributed to small farmers once the investor is ready to start construction. The fact that the project has delayed construction, the out grower and seed cane activities have been suspended.</p> <p>The meeting between the team and Chamwino DED during the PVV revealed that Authorities have lost trust with Purandare and that they strongly feel that investor is not financial and technically capable to undertake this project reasons being his tendency to bring up new issues/excuses from time to time as reasons for not being able to mobilize the project construction. Chamwino authorities are of opinion that prior extending the CoI by TIC, investor be recalled from India to meet key stakeholders including TIC, Chamwino DED, SBT with view to review project implementation and agree way forward on the project implementation. The meeting should take place tentatively early February, 2020 and DED will contact investor in this regard. DED office is also of opinion that a due diligence on investor's financial and technical capability in undertaking such project be conducted in</p> | <p>process in land issuance to foreign investors as stipulated in the Village Land Act, No 5 of 1999 and the Land Act No. 4 of 1999.</p> <ul style="list-style-type: none"> • Investor has also shown concern in regard to inadequate infrastructure such as access road connecting the site to facilitate transportation of plant and machinery to the site. • Chamwino District Authorities pessimistic/suspicious over the investor's financial and technical capability to undertake such project hence suggesting a meeting to set up new investment implementation targets as well as conducting a due diligence to the investor |

| | | STATUS | CHALLENGES |
|-----|-------------------------------|---|------------|
| | | collaboration with Tanzania Embassy in India. | |
| | | So far no any local employment has been created direct or indirect by the project | |
| | | Estimated Revenue Contribution-No direct tax Revenue collected except for the land fees paid to the Ministry of Lands (Tsh 8,378,915) during processing of the Derivative Right. | |
| | | Foreign Immigrant quota-No any foreign employee to the project | |
| | | Total Tax Exemption-TIC and TRA tax exemption approval on the project comprehensive item list has been granted but investor has not utilized exemption due to failure to begin project construction. | |
| | | | |
| 11. | Zonal Manager Recommendations | The extension of the CoI be kept on hold until when clearance is given by the Chamwino DED office following the outcome of the Government/Investor joint meeting to be held in February, 2020 on project's way forward as proposed by the Chamwino DED office | |
| 12. | Project Photos | At present there is no any project development on site therefore no project status photos were taken. | |

I submit



Revocatus A. Rasheli

Zonal Manager Central Zone