

ULTRACEM CEMENT LTD.

Regd. Office: P.O. Box 40707, First Floor, ATC House, Plot 773/40 Ohio/Garden Street, Garden Avenue, Dar es Salaam, Tanzania
Tel: + 255 22 2139610 Fax: +255 22 2134198 E-Mail : info.ultracem@gmail.com

1. Introduction

Lake Cement Limited is leading manufacturer of cement in Tanzania, it started operations in 2014 and sells the popular brand "Nyati Cement".

The Lake Cement Limited plant is fully integrated plant with its own Mining, 10MW Power Plant, Clinkerisation and Cement Grinding; having an installed capacity of 660,000 TPA of cement. Lake Cement leverage best-in-class technologies and extensive sectorial experience to manufacture the high quality 'Nyati Cement'.

The Nyati Cement brand embodies 'strength' and 'reliability'. These attributes have earned the trust of Engineers, Architects, Contractors, RMC manufacturers and Block Makers – for building homes, buildings and infrastructure projects that define the new Tanzania. It also has become the favoured cement brand in Democratic Republic of Congo, Rwanda, and Burundi.

"Lake Cement Limited" is a key manufacturer in cement industry in thru its subsidiary "Ultracem Cement Limited", has proposed to undertake a Grinding Plant Project in the Dar es Salaam region to expands its cement production from the existing 660,000 MTPA to 1,320,000 MTPA. This project is to be undertaken in the Kigamboni District of Dar es Salaam, close to the existing plant.

The project will cater to the growing demand of cement in Tanzania, generate employment and contribute to development of local community. The project should, generate employment and contribute to development of local community.

2. Need for the Project / Market

The fifth Phase Government in Tanzania, in order to lift up the country to a middle-income category and has put special emphasis on infrastructure development within the country. This is witnessed in rate of development that keeps growing as is evidenced by the multibillion shillings projects being undertaken in Tanzania such as infrastructural, commercial and housing developments.

Past five years have seen rolling out of large infrastructural projects such as SGR Phase I & II, Mwalimu Julius Nyerere Hydal Power project, BRT Phase II, New Selander Bridge, New Airports, Water Projects, Gas Pipeline, Major roads through Tanroads and Tarura and other many such projects.

With new job creation and availability of more money to Tanzanians, the aspirations are higher than ever to live a decent life. The demand to construct houses, schools, hospital, hotels, malls etc are increasing day by day.

Cement industry is already playing a very vital role in realisation of infrastructure development goal of government. The improving performance of Tanzania's economy will continue to push for a strong growth in cement demand in the country. Tanzania continues to enjoy the construction boom (both residential and commercial housing, and infrastructure) that usually accompanies economic growth.

It is against this backdrop and the proponent's need to increase its cement grinding capacity from the current 660,000 tonnes per year to 1,320,000 tonnes per year near the existing plant located in Kimbiji in Kigamboni District that the proponent intends to undertake the new Grinding Plant project. The conceived project is

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designed to satisfy the current and future development trends' demands of cement in the country which is critical for Industrial development and attainment of flagship projects.

3. Promoters of Ultracem Cement Limited

- Lake Cement Limited an established and profit generating business in Tanzania contributing to Tanzania growth story
- Mr Chirag K Patel who has over 25 years' experience in both consumer and industrial product New Business Development and Operations Management in various countries including CIS, UAE, Tanzania and India.

4. Benefits of the Project

- Investment of USD 15 Million
- Capacity to manufacture 660,000 MTPA of Cement
- Estimated USD 2.60 M of average annual revenues to the Govt. (Net VAT, Corp Tax, SDL, CSL, Import Duties, Payee, WHT etc.)
- Employment of over 70 direct jobs and 200 indirect jobs.
- Fulfilling the increasing demand of cement for infrastructural, commercial and retail market in the coming future.
- Creating a platform for stable product pricing, by providing long term capacity availability to consumers.
- Catering for customised and specialist cement products as required for large infrastructural projects.

5. The Plant

The unit has proposed to setup standalone clinker grinding unit with closed loop system and fully automated plant with total capacity of 1940 TPD. The main operations involved in the proposed project are elaborated below.

5.1 Clinker/ Gypsum/ Limestone storage, extraction & feeding process

The clinker, gypsum and fly ash from the storage yard will be extracted in controlled ratio by means of belt weigh feeders. Raw materials will be transported to the ball mill using a belt conveyer with proper ventilation system equipped with Pulse jet type dust collectors to resist the dust emission into the environment.

Flow diagram of the storage extraction & feeding is given in Figure 2.5.

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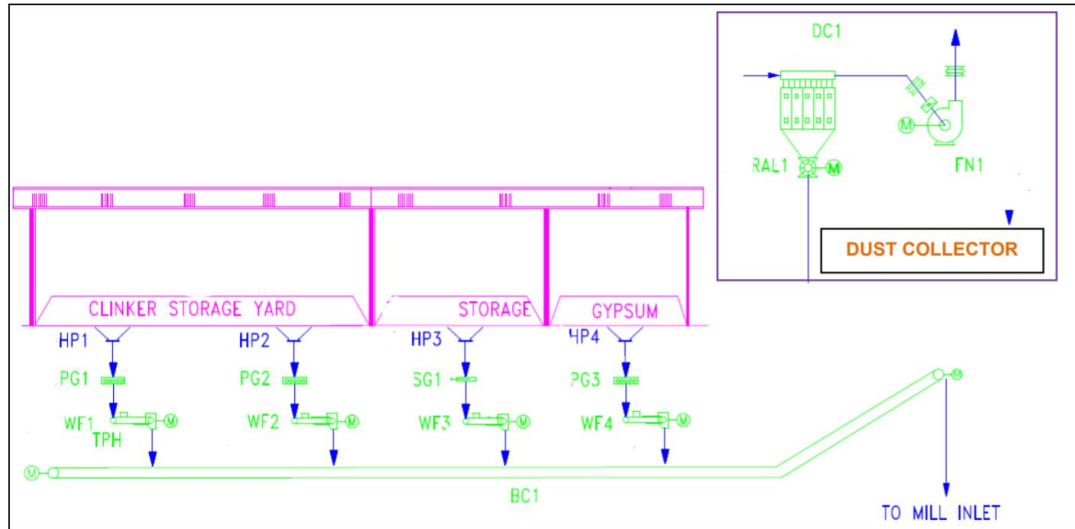


Figure 2.5: Flow diagram of storage extraction & feeding

5.2 Grinding Process

Raw materials fed to the ball mill will be of dry gridding two compartment closed circuit type. Different sized balls will be used to grind raw materials by cataracting and cascading motion within the ball mill. Raw materials will be grind in two different compartments depending on achieving coarse and fine grinding. The compartments will have intermediate diaphragm which will separate and transport the material from first compartment to second compartment. At the end of second compartment there will be a discharge diaphragm that will discharge the material from mill. After grinding through mill the product will be discharged into a bucket elevator by means of gravity. The bucket elevator will transport the material vertically to the top of high efficiency classifier. Pulse jet type dust collectors will be provided for de-dusting of mill and auxiliary equipment. High efficiency classifier helps in achieving higher particle size selectivity and better separation efficiency. The air flow and speed of the rotating cage can be adjusted depending upon finished product. The dust-laden air will be taken to two cyclones in which final product are collected. The product will be transported through air slide and belt bucket elevators to cement silo.

Flow diagram of the grinding process is given in Figure 2.6.

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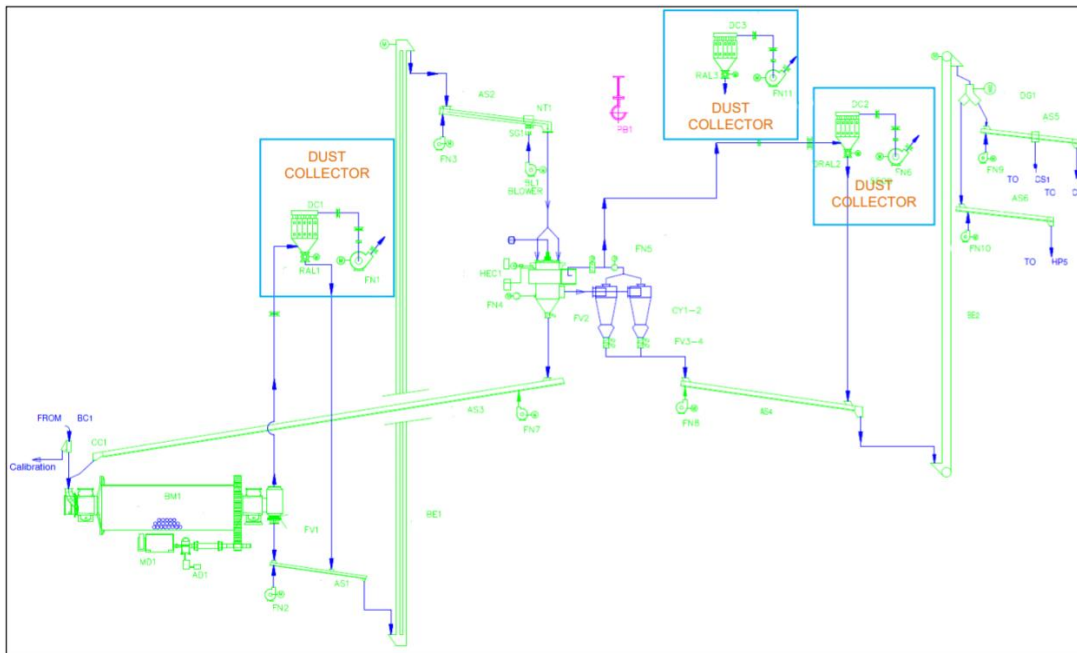


Figure-2.6: Flow Diagram of Grinding Process

5.3 Raw Materials and sources

- Clinker - Clinker is manufactured by all cement integrated plants in Tanzania including Lake Cement Ltd.
- Lime stone – Kimbiji Kigamboni Dar Es Salaam
- Gypsum - Makangaka - Kilwa and Lindi Region and Makanya ,Hidaru from Moshi Region

5.4 Cement storage and packing plant

Cement will be stored in RCC/MS made closed cement silo. The cement silos will be provided with proper aeration system. Packing section will be provided underneath cement silos. Cement will be extracted in controlled manner with the help of flow control gates and roots blower to the surge hopper of sufficient capacity with high level indicator mounted. One stationary packer of two spouts will be used to fill the bags under each silo. For truck loading, a belt conveyor for each packer will be provided to transport the filled bags. For bulk loading of cement from a hopper of adequate capacity flow control gate and a bulk loading spout with inbuilt dust collector will be used.

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6. Investment

1	Investment	USD '000
	Land	2,500.00
	Civil Structures & Buildings	2,750.00
	Plant, Machineries and Structures	8,000.00
	Vehicles	300.00
	Furniture & Fixtures	100.00
	Preliminary Expenses	650.00
	Others	100.00
	Working Capital Margin	600.00
	TOTAL	15,000.00
2	Sources	
	Equity Share Capital	5,000.00
	External Borrowings & Loans	10,000.00
	TOTAL	15,000.00

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7. Profit and Loss Projections (USD)

ULTRACEM CEMENT LTD. - CEMENT GRINDING PROJECT											
PROJECTED PROFIT AND LOSS ACCOUNT											
(USD '000)											
Particulars	Yr 00	Yr 01	Yr 02	Yr 03	Yr 04	Yr 05	Yr 06	Yr 07	Yr 08	Yr 09	Yr 10
Capacity - Cement MTPA		660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000
Capacity Utilisation	%	75%	80%	85%	90%	95%	95%	95%	95%	95%	95%
Cement Sales Qty	MT	495,000	528,000	561,000	594,000	627,000	627,000	627,000	627,000	627,000	627,000
Sales Realisation @ \$ / MT	@ \$ / MT	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00
Total Sales Realisation		38,610	41,184	43,758	46,332	48,906	48,906	48,906	48,906	48,906	48,906
Clinker - 0.65 MT for 1.0 MT @ \$75 / MT		24,131	25,740	27,349	28,958	30,566	30,566	30,566	30,566	30,566	30,566
Limestone - 0.30 MT for 1.0 MT @ \$7 / MT		1,040	1,109	1,178	1,247	1,317	1,317	1,317	1,317	1,317	1,317
Gypsum - 0.05 MT for 1.0 MT @ \$45 / MT		1,114	1,188	1,262	1,337	1,411	1,411	1,411	1,411	1,411	1,411
Packing Materials - 20 Bags / MT @ \$0.20/Bag+2% Allowance		2,020	2,154	2,289	2,424	2,558	2,558	2,558	2,558	2,558	2,558
Stores & Spares - \$100 K pm		1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Power - 45 Units/MT @ \$0.12/Unit		2,673	2,851	3,029	3,208	3,386	3,386	3,386	3,386	3,386	3,386
Factory Exp & Contract Labours & Others @ \$50K/pm		600	630	662	695	729	766	804	844	886	931
Salary, Wages & Other Related @ \$175K/pm		2,100	2,205	2,315	2,431	2,553	2,680	2,814	2,955	3,103	3,258
Admin, Marketing, Bank Charges & Other Exp @ \$75K/pm		900	945	992	1,042	1,094	1,149	1,206	1,266	1,330	1,396
Interest on WC @ 7% pa		175	161	126	91	56	21	35	35	35	35
Interest on Loans @ 7% pa		642	525	408	292	175	58	-	-	-	-
Total (B)		36,594	38,708	40,811	42,923	45,044	45,112	45,297	45,538	45,791	46,057
Cash Profit (A-B)		2,016	2,476	2,947	3,409	3,862	3,794	3,609	3,368	3,115	2,849
Depreciation		1,048	1,048	1,048	1,048	998	938	938	938	938	938
Pre-Op Exp W/off		65	65	65	65	65	65	65	65	65	65
Current Tax Paid		-	123	468	694	896	926	908	864	809	745

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Deferred Tax Provision		271	286	83	(5)	(57)	(88)	(126)	(154)	(175)	(191)
Net Profit		633	954	1,284	1,608	1,959	1,954	1,825	1,656	1,478	1,292

8. Balance Sheet Projections (USD)

ULTRACEM CEMENT LTD. - CEMENT GRINDING PROJECT											
PROJECTED BALANCE SHEET											
											(USD '000)
Particulars	Yr 00	Yr 01	Yr 02	Yr 03	Yr 04	Yr 05	Yr 06	Yr 07	Yr 08	Yr 09	Yr 10
Equity Share Capital	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Retained Earnings	-	633	1,587	2,871	4,479	6,438	8,393	10,217	11,873	13,351	14,644
Deferred Tax Liability	-	271	557	640	635	578	490	364	210	35	(156)
Secured Long Term Loan	10,000	8,333	6,667	5,000	3,333	1,667	-	-	-	-	-
Current Liabilities											
Bank Overdrafts	1,000	2,500	2,300	1,800	1,300	800	300	500	500	500	500
Trade & Other Payables	-	1,329	1,408	1,487	1,565	1,644	1,644	1,644	1,644	1,644	1,644
Total	16,000	18,066	17,519	16,798	16,313	16,127	15,826	17,725	19,227	20,530	21,631
Fixed Assets - Gross	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750
Less : Accumulated Dep	-	1,048	2,095	3,143	4,190	5,188	6,125	7,063	8,000	8,938	9,875
Net Fixed Assets	13,750	12,703	11,655	10,608	9,560	8,563	7,625	6,688	5,750	4,813	3,875
Pre Op Exp Not W/off	650	585	520	455	390	325	260	195	130	65	-
Current Assets											
Stock In Hand	1,500	2,659	2,816	2,973	3,130	3,288	3,288	3,288	3,288	3,288	3,288
Trade Receivables	-	1,898	2,025	2,151	2,278	2,405	2,405	2,405	2,405	2,405	2,405
Other Advances and Deposits	50	100	100	100	100	100	100	100	100	100	100
Cash & Bank Balance	50	122	403	511	854	1,447	2,149	5,050	7,555	9,860	11,964
Total	16,000	18,066	17,519	16,798	16,313	16,127	15,826	17,725	19,227	20,530	21,631

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9. Cash Flow Projections (USD)

ULTRACEM CEMENT LTD. - CEMENT GRINDING PROJECT											
PROJECTED CASH FLOW											
	(USD '000)										
Particulars	Yr 00	Yr 01	Yr 02	Yr 03	Yr 04	Yr 05	Yr 06	Yr 07	Yr 08	Yr 09	Yr 10
<i>OPENING CASH & CURRENT BALANCES</i>	-	50	122	403	511	854	1,447	2,149	5,050	7,555	9,860
CASH PROFIT	-	2,016	2,476	2,947	3,409	3,862	3,794	3,609	3,368	3,115	2,849
Less : Corporate Tax Paid		-	(123)	(468)	(694)	(896)	(926)	(908)	(864)	(809)	(745)
Total		2,066	2,475	2,883	3,226	3,819	4,316	4,850	7,555	9,860	11,964
SOURCE / (UTILISATION)											
Equity Share Capital	5,000	-	-	-	-	-	-	-	-	-	-
Secured Long Term Loan	10,000	(1,667)	(1,667)	(1,667)	(1,667)	(1,667)	(1,667)	-	-	-	-
Trade & Other Payables	-	1,329	79	79	79	79	-	-	-	-	-
Bank Overdraft	1,000	1,500	(200)	(500)	(500)	(500)	(500)	200	-	-	-
Fixed Assets	(13,750)	-	-	-	-	-	-	-	-	-	-
Prelim & Pre Op Exp	(650)										
Current Assets											
Stock In Hand	(1,500)	(1,159)	(157)	(157)	(157)	(157)	-	-	-	-	-
Trade Receivables	-	(1,898)	(127)	(127)	(127)	(127)	-	-	-	-	-
Other Advances and Deposits	(50)	(50)	-	-	-	-	-	-	-	-	-
NET SOURCE / (UTILISATION)	50	(1,944)	(2,072)	(2,372)	(2,372)	(2,372)	(2,167)	200	-	-	-
CLOSING CASH IN HAND	50	122	403	511	854	1,447	2,149	5,050	7,555	9,860	11,964

