

TANZANIA INVESTMENT CENTRE

DEPARTMENT OF INVESTMENT FACILITATION



**PROJECT VISIT VERIFICATION REPORT ON THE APPLICATION FOR EXTENSION TO
CERTIFICATE OF INCENTIVE NO. 017143 FOR PROJECT UNDER MW RICE MILLERS
LIMITED IN PLOT NO. 66-75, INDUSTRIAL AREA, KIHONDA IN MOROGORO REGION.**



20TH OCTOBER, 2021

1.0 Introduction.

Mw Rice Millers Limited is part of Murzah Wilmar group from Wilmar International, it a private limited company incorporated under certificate number 131018 issued in 19th November 2016 and obtained a Certificate of Incentive No.017143 under TIC in 30th July 2018. The project registered under TIC was to establish and operate a Rice Milling and Packaging Plant in Plot No.66-75 Kihonda Industrial Area in Morogoro.

The investor (Mw Rice Millers Limited) applied for Extension of the Col No. 017143 issued at first on 30th July 2018 and ended June 2021 as per their application letter dated 13th September 2021. CZ was therefore instructed to conduct a PVV on 20th October 2021 for providing the field opinion to the request.

The Investor is applying for Extension of the Certificate of Incentives No.017143 for the first time, therefore no any extension was applied and granted before as the project was within its three(3) years of implementation period(July 2018-June 2021)

The Company is also planning to triple its existing production capacity, therefore injecting additional investment of over USD 30 million. This will also improve cost competitiveness against Asian Imports, aggressive marketing of aromatic Tanzanian rice, support farm extension services, improve yield through bringing global best practices of rice farming.

2.0 Company Information;

COMPANY BRIEF PROFILE			
Company Name	MW RICE MILLERS LIMITED		
Postal Address	P. O. Box 1206 MOROGORO		
Contact Person	Vinod Kumar		
Position	DCM-Commercials		
Mobile Phone	+255 764 051 604/+255 623 167 722		
E-mail	Vinod.kumar@tz.wilmar-intl.com , vkmba4u@gmail.com		
Project Location	Plot No. 66-75 Situated At Industrial Area, Kihonda in Morogoro Region		
Project Core Activity	- To establish and operate a Rice milling and packaging plant		
Certificate of Incentives No & Date of Registration	- 017143 dated 30th July 2018		
Present Ownership Structure (Shareholders)			
	Name	Nationality	% Share
	Wadworth Holdings Limited	Mauritius	50
	Wilmar Tanzania PTE. LTD	Singapore	50
	Total		100
Current Status of the Project	The project is operative		
Combined Manpower Total (Nos.)	Local (Direct & Indirect)	Foreign	
	65(direct)+200(ind)=265	12	
After completion of the construction and start production Man power expected	Local (Indirect)	Foreign	
	200+	12	

2.1 Objectives of the Visit.

This Project Verification Visit had the following objectives

2.1.1 Overall Objective

To examine rationale behind the investors' application for extension of the Certificate of Incentive number 017143 of 30th July 2018. The reasons for the request of extending the certificate is to be established.

2.1.2 Specific Objectives.

- i. To evaluate implementation status of the project activities in line with TIC granted Certificate of Incentives No.017143.
- ii. To examine the rationale for the project to get extension of the certificate of incentive for the first time.
- iii. To analyse the Company's achievements and challenges to-date; and
- iv. To provide recommendations to Management after physical visit and thorough analysis of the existing situation.

2.2 Methodology.

The PVV team employed the following methodologies in order to obtaining data/information required for this report:

- i. Physical inspection of the project site;
- ii. Observation of the on-going activities at site;
- iii. Holding a discussion with Director (Mr Vinod Kumar), Legal administrative (Ms Shangwe Mziray, Miss Martha David (Assistant HRM), Mr Anant Panigrahi(Plant Head), and Mr Kavindar(Financial Controller)with regards to the progress of the project at Mw Rice Miller Limited; and

2.3 Project Verification Visit (PVV).

The PVV Team composed of the following staff from TIC CZ

- i. Mr. Juma Nzima - IPFO – CZ (Dodoma)

The PVV activity was conducted on 20th of October 2021. At the project site, TIC team met with the following for MW RICE MILLERS LIMITED:

- i. Mr Vinod Kumar - DCM-Commercials
- ii. Ms Shangwe Mziray - Legal Administrative
- iii. Ms Martha David - Assistant HRM
- iv. Anant Panigrahi - Pant Head & Production Manager
- v. Kavindar Ranka - Financial Controller

2.4 Project Location.

The project is located on Plots No66-75 Situated At Kihonda Industrial Area, Morogoro region, few metres away from Morogoro- Dodoma Road.

3.0 Field Findings, Observations and Analysis.

Through the application of the above stated methodologies, the PVV Team was able to gather information as detailed here under:

3.1 Company and Its Business Operations.

- i. MW Rice installed the rice mill with latest technology and largest milling capacity in Tanzania under single roof, with the annual capacity of 100000 MT paddy milling. The Company started the production in November 2019 and target to utilize 75% of their capacity in first year.
- ii. The team observed the correlation between what was planned and what has actually been achieved at the factory. According to the Certificate of Incentive issued in July 2018, the actual project implementation was from July 2018-June 2021, but to date the project is almost fully implemented and planned to do major upgrade on Paddy quality from farming point, collection points, milling to sales, to improve the capacity from the current processing of 100,000MT of paddy milling to triple the capacity (300k

MT). In the future, the factory is planning to install a power plant for its use by using the husks produced from paddy milling. Current investment has reached USD 21 Millions, and plan to inject over USD 30 millions in the future.

3.3 Summary of planned activities (as per attached progress report)

- Bringing global best practice of rice business in Tanzania by improving quality brand in the region and drive yield improvement.
- Timely Buying, Grading & Payment vs 2-3 days Delay in Local Mills (need best and modern machineries and transportation equipment)
- Build bigger warehouses/storage facilities (Existing -200-1000Mts – Future Min 2000-5000Mts) to accommodate the improvement sought (i.e tripling paddy milling capacity from 100k MT 300k MT/Pa)
- Fair Paddy Pricing - Dispute free Payment Model
- Providing Input Logistics support via Aggregators/Traders to Farmers.
- Increasing Direct Buying from Farmers

3.5 Reasons for Extension of the Certificate of Incentives

- i. Basically the fulfilment of the planned activities above requires improvements of the Project plant set ups, i.e using improved technologies on plants and machineries, equipments and machines, storage and transport facilities that are compatible to the new technology to be used.
- ii. The requested extension is the first time extension aimed at fulfilling the planned schedule of activities in the improved phase of the Project since had no any extension granted since registered with TIC.
- iii. The investor is too focused to improve the paddy sub- sector in Tanzania, with focuses to become a strategic investor in the near future, hence require a good foundation lay out of the project through improved production machineries, equipments, and technologies.

4.0 Conclusion and Recommendations.

In view of the field findings, the following are our conclusions and recommendations regarding the findings after our project visit;

- i. The project was found to be well implemented and vigour to achieve its highest level of efficiencies in all aspects due to the increased demand on quality and quantity of the products in both internal and external markets. Plant capacity utilization is more than 90%.
- ii. From the planned activities to be implemented, the need for new improved modern machineries, equipments and facilities are inevitable. However, the approved list of previously requested items for exemptions for Deemed Capital Goods from TRA has to be clearly identified for proper completion /utilization of the list approved.

We therefore, recommend an **extension of one year** (1 year) for the Certificate No. 017143 at first to see how the improvement of the Big Rice Milling facility will be implemented to enhance the Paddy sub-sector in the Country. This will trigger the initiatives to expand the project and invest more. Moreover, the investor has been advised to start thinking for application of Strategic investor status the moment the additional investment cost planned is committed to the project.

We submit,



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Juma Nzima

For: Zonal Manager-Central zone

PROJECT VISIT PHOTOGRAPHS

Milling and Warehouse



Photo: Holding a PVV Meeting after Plant visit



