

MW RICE MILLERS LIMITED MOROGORO

PROGRESS REPORT 2021



Contacts:

MW Rice Millers Limited
Plot No 66 - 75
Block Number E
Industrial Area Complex
Kihonda
Morogoro, Tanzania

1. Company Background

MW Rice Millers Limited, founded in 2016 having manufacturing facility in Morogoro and head office in Dar Es Salaam, is one of the largest rice millers in Tanzania. MW Rice is the part of Murzah Wilmar Group.

We are one of the leading business houses of Tanzania in sector of Oil, Soap etc. Wilmar has today become a global leader in processing and merchandising of edible oils, oilseed crushing, sugar merchandising, milling and refining, production of oleochemicals, specialty fats, palm biodiesel, flour milling, rice milling and consumer pack oils.

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.

We are producing best quality rice in various variety with five pack size to reach out to maximum consumer and presence of our product is there all over Tanzania and also exporting to neighbouring countries like Uganda, Rwanda, Kenya etc.

The Company continues to strengthen its core activities to increase its market share with our products in line throughout the country as well as cross border markets. We are focused on adding value to our customers while addressing competitive pressure head on. We are supporting our core customers while attracting new ones with our marketing and sales programs. We have invested heavily in modern machinery that enable us to be more efficient and staff's do their jobs efficiently. The Company has recruited 45 employees across various divisions and employees more than 150 on casual basis.

1.1 Key Success

- Precisely engineered products
- Follow through on all the commitments both to vendors and customers
- Strict financial controls and processes.

1.2 Mission

The Company mission is to strive and provide the highest quality end products to customers, while striving to be a leader in the rice products. To guarantee our continued success, we will continue to be a market leader in our industry through individual and combined dedication, innovation and integrity. We will give our employees the opportunity for both personal and professional growth.

1.3 Company Vision

Our vision is to be manufacturer of choice in whatever product we venture into and providing customers value for their money.

1.4 Core Values

Integrity and Synergy

Realize Three transformations:

- From Raw material to finished product
- From Milling to service
- From Tanzania to various markets

2. Planned Activities for the period

• Paddy Procurement

- Timely Buying, Grading & Payment vs 2-3 days Delay in Local Mills. Fair Paddy Pricing - Dispute free Payment Model
- Providing Input Logistics support via Aggregators/Traders to Farmer from Ex Farm to PBC.
- Banking history has helped Aggregators get Overdraft Facility from banks (10-40K \$) – key enabler
- Increasing Direct Buying from Farmers YOY

• Paddy Procurement Strategy

- Paddy Input Logistics for Door Lifting/Farm Gate Paddy- To Save timing during wet paddy Transportation. Less Broken due to multiple handling and over sun drying
- Initiate Trial of Agro Inputs & In house Products through our PBC in coming off season – Seed Biz is sensitive hence will limit to fertilizers and consumer products
- Want to Build Bigger Warehouse/Storage - Existing -200-1000Mts – Future Min 2000-5000Mts.
- Paddy Logistics - Current trucking is 8. Want to Increase up to 15. Leverage for wet paddy & Speedy Order deliveries of FG.

3. Business Performance Update

Paddy Purchase

- New harvesting started in last week of May 2021, in June we have procured 17072 MT of paddy.
- 17629 MT of paddy procured so far in this season at a landed cost of US\$ 257/MT. The Budget was to procure 85,000 MT at a cost of US\$ 287/MT, in Paddy procurement we have saved almost 10% from our budgeted price.

Rice Mill

- In June 4,643 MT paddy milled and YTD paddy milling is 38,153 MT.

Rice Sales

- In June'21, we have sold 2,397 MT (Apr 3,198 MT) of rice @ US\$ 605/MT, YTD: 24,076 MT (Budget 25,740MT). In June we have exported 2,000 MT @ US\$ 658/MT.

| Rice Sales | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | YTD 2021 | Year 2020 |
|-------------------------------|--------|--------|--------|--------|--------|--------|----------|-----------|
| Volumes (MT) | 4,717 | 4,112 | 4,766 | 4,886 | 3,198 | 2,397 | 24,076 | 34,619 |
| Average Sale Price (US\$/MT) | 604 | 620 | 621 | 610 | 531 | 605 | 602 | 568 |
| Budgeted Volumes (MT) | 4,620 | 4,620 | 4,620 | 4,290 | 2,640 | 4,950 | 25,740 | 42,870 |
| Budgeted Sale Price (US\$/MT) | 565 | 569 | 579 | 577 | 576 | 528 | 564 | 610 |

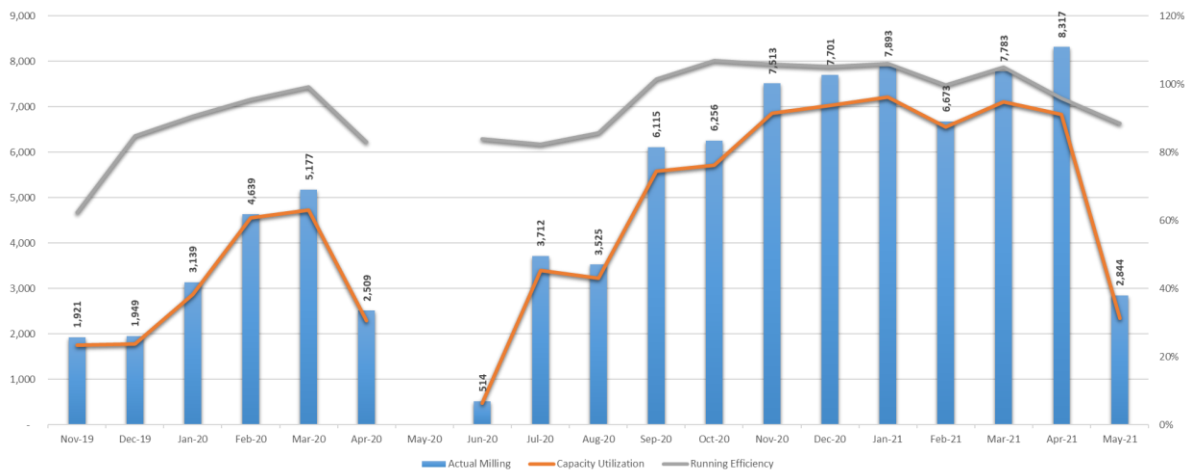
| Geographical Rice Sales | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | YTD 2021 | Year 2020 |
|-------------------------|--------|--------|--------|--------|--------|--------|----------|-----------|
| Domestic | 342 | 212 | 352 | 889 | 1,166 | 397 | 3,358 | 13,630 |
| Export | 4,375 | 3,900 | 4,414 | 3,998 | 2,032 | 2,000 | 20,718 | 20,989 |

4. Achievements made on the project implementation to date: -

First line Project completed on November 2019 and till June 2020 we have already did milling of 100KMT paddy, covid has impacted the business and now business is back on track, our target is Locally in Tanzania and Export of neighboring East African Countries. We got appreciation letter from local government for buying paddy and supporting farmer community.

4.1 Paddy Milling, Capacity and Efficiency

- Plant capacity utilization is more than 90% since last 6-7 months, as we built strong market in Kenya
- Plant capacity increased from 288/TPD to 320TPD from April 2021 onwards



5. Project Financial Expenditure to date:

The total project cost is amounting to USD 21Mn. The table below summarizes the project expenditure:

| Project Summary | Budget (USD) | Actual (USD) | Variance (USD) |
|--|-------------------------|-------------------------|---------------------------|
| Plant & Machinery | 5,159,548 | 7,726,499 | (2,566,951) |
| Pre Cleaning Dry And Storage | 4,069,630 | 4,187,829 | (118,199) |
| Installation & commissioning | 2,016,079 | 904,245 | 1,111,834 |
| Electrical HT LV MCC& PLC | 1,484,554 | 1,411,124 | 73,430 |
| Infrastructure | 1,312,864 | 1,717,063 | (404,198) |
| Land | 1,020,000 | 1,020,000 | - |
| Duty | 888,328 | 767,160 | 121,167 |
| VAT | 785,098 | 704,631 | 80,467 |
| HT Block & Paddy Plinth & Briquett building - Advent | 736,484 | 793,978 | (57,494) |
| Contingency | 711,618 | 396,713 | 314,905 |
| Firefighting | 499,248 | 271,721 | 227,526 |
| Husk & Briquette machinery | 413,422 | 117,400 | 296,022 |
| Sea freight ,insurance & inland transportation | 400,307 | 982,322 | (582,015) |
| Air ticket ,VISA & Accomodation | 189,680 | 82,808 | 106,872 |
| Other Misc (Payment to Malmo Monta) | | 197,233 | (197,233) |
| Total Project Cost | 19,686,860 | 21,280,727 | (1,593,867) |

6. Project Financing

Total project US\$ 21Mn. And out of that Equity US\$ 3Mn and US\$ 18Mn by Loan and creditors.

7. Sales and Marketing

MW Rice Millers Limited sales and marketing programs are consistent both with markets in the geographic area that the company serves. The sales force maintains close working relationships with customers, develop new business, calls on government officials and participate in a range of educational seminars and exhibitions such as saba saba and trade fairs.

8. Problems and Solution

The Project was installed within the target time line with no major challenge, however currently we are facing challenges such as lack of proper road within the vicinity of the plant, lack of proper drainage (Sewerage Line).

9. Integration of cross cutting issues and Forward Priorities

9.1 Gender Balance and Social Welfare

The Company is an equal opportunity employer and takes into consideration for women empowerment in the areas they fit in. The Company also fully meets the cost of medical consultation and treatment for permanent employees.

9.2 Environmental Compliance

The Company being responsible citizen, endeavors to comply with the relevant environmental regulations.

9.3 Policy and Governance Support

The Company policy is to give equal opportunity to disabled persons for vacancies that they are able to fill. The Company contributes 10% of the basic salary as pension contribution for employees who are members of the Parastatal Pension Fund or National Social Security.

9.4 Training and Development

The Company undertakes regular training programs and activities for development of the employees.

9.5 Management and Administrative Matters

The Company is under supervision of the Board and the day to day management is entrusted to the General Manager.

The Board Chairman and all other members of the Board are appointed by the Shareholders in the annual general meeting, when the tenure expires or when for other reasons there happens to be vacancy on the Board.

The Organization structure of the Company Comprise of the following department:

- Sales and Marketing
- Finance and Accounting
- Quality Control and Assurance
- Administration, Human Resource, Health & Safety
- Logistics

The efficiency of any internal control system is dependent on the strict observance of prescribed measures.

10.Future Plans

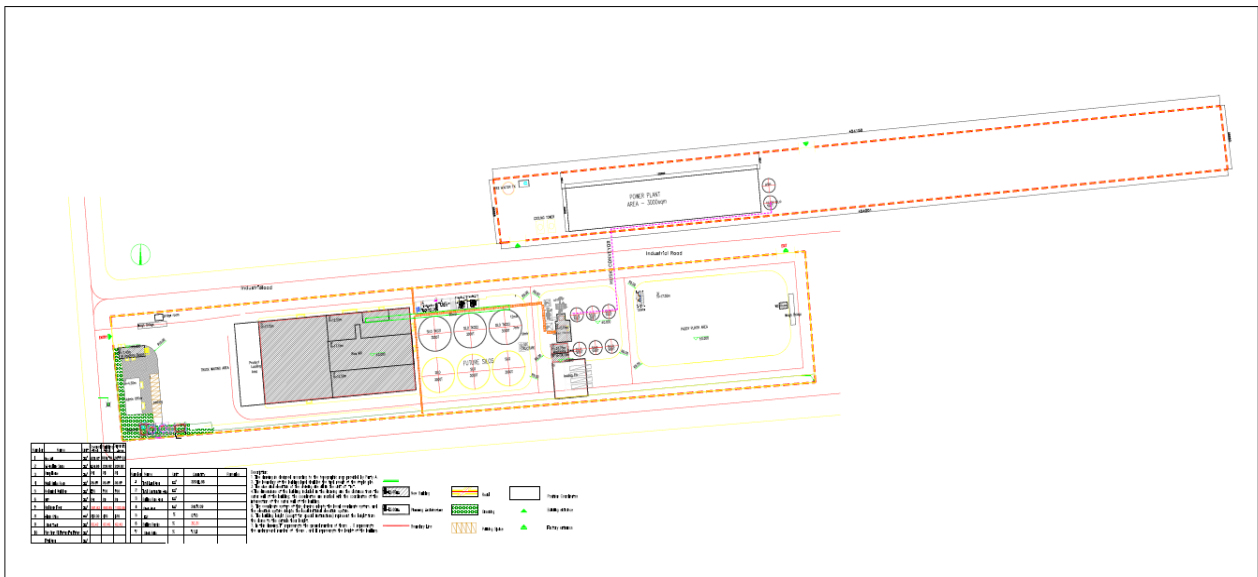
The Company is planning to expand the capacity of current plant by 3 times of existing capacity subject to availability of nearby land, and approval from Tanesco, EWURA, Energy Ministry, MMC, TIC, Tarura and other department for expansion.

The expansion of the plant will benefit to the economy, job creation to the local community, skill enhancement and business for the farmers.

The snapshot of the second plant is as follows:

- **Rice Mill Second Line Extension 430TPD**
 - **Pre-cleaner, Destoner, Husker, Whitener, Polisher, Sorter & Grader**
 - **Packing Bulk & Consumer Pack (Additional 500Gms Pouch will be added)**
 - **Additional 250MT Rice Storage Tank for blending flexibility.**
- **Post Drying Flat Bottom Silo**
 - **Three Silo of 3700MT**
 - **Heat Insulated**
 - **Fumigation compatible**
 - **Radar (ATG) system**
 - **Feeding and Discharge Conveyors**
- **Storage Capacity**
 - **Paddy storage requirement 40,000MT in peak storage.**
 - **Silo – 20,000 and balance in warehouse/open storage.**
- **Location of the new plant**

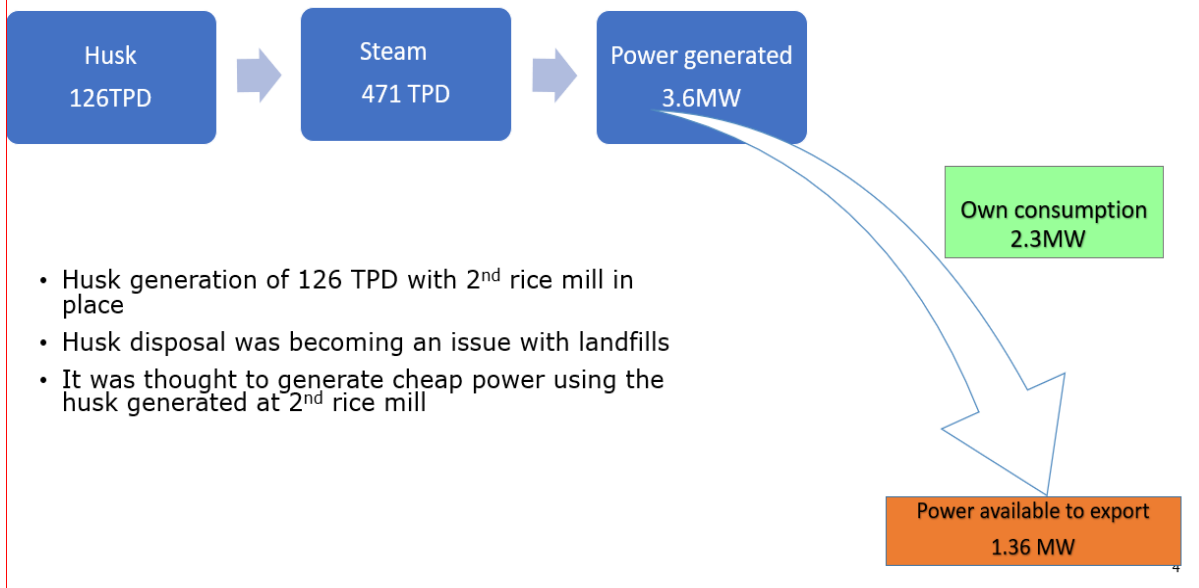
The map highlights the location of the new plant;



- **Concept of the new plant**

The below chart indicates the concept of the new project;

Cogen Plant Concept



11. Recommendations and any other comments

Road, drainage, security, street light & paddy quality has to be improved for sustainable growth of rice value chain.

If possible various fees /Taxes /licenses / Ushuru / Citi Service Levy/ Export related fees should be lower down for volume business & speedy growth of business value chain.

12. Appreciation

THE UNITED REPUBLIC OF TANZANIA

PRESIDENT OFFICE
REGIONAL ADMINISTRATION AND LOCAL AUTHORITY
MBARALI DISTRICT COUNCIL



REF.NO. MDC/D.30/VOL. II/5/10

Date. 18/12/2020

To,
MW RICE MILLERS LIMITED
Millers, Packers Of Rice, Bulk And Consumer Pack
Plot-66-75: Block-E, P.O.Box 1206, Industrial Complex, Kihonda, Morogoro Tanzania. Email:-
Rice@Murzahwilmar.Com.Tz, Phone:+255767919161

RE: APPRECIATION FOR YOUR REMARKABLE CONTRIBUTION TO RELIABLE PADDY MARKET SOLUTION.

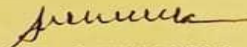
Dear: MW Rice Millers Limited

I would like to thank you for your outstanding contribution in the supporting small hold farmers including large scale farmers for providing reliable paddy market. It has been noted that, big volume of paddy are off taken in Mbarali which is an amazing output to be recognized in the community. Our farmers have been praising you for all purchasing process including using of standard measurement like weigh scale, grading of paddy as well as payment system.

Your dedication to this project has contributed to local government revenues through all crop cess collected from number of tons purchased in our District. We expect to grow in the future if you deliver the same quality of work.

We are quite aware of the fact that next season you will deliver the same quality of work or even more. We are grateful to well come you back again and again for any opportunity which is useful in our community

Thanking you.


DANIEL S. KAMWELA
Ag. DISTRICT EXECUTIVE DIRECTOR
MBARALI DISTRICT COUNCIL
MBARALI

**DISTRICT EXECUTIVE DIRECTOR
MBARALI**

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EDITORIAL/ANALYSIS

PHOTO OF THE DAY



MINISTER of State Prime Minister's Office (Investment) Angellah Katraki (third left), Morogoro Regional Administrative Secretary Eng. Emmanuel Katshele (second left) and Murzah Wilmar E.A. Rice Millers Ltd Project Manager, Anany Pangray smell and taste processed rice at the firm's plant at Kihonda in Morogoro Municipality, when the minister visited their premises for inspection, yesterday. (Photo by John Ndiru)





THE UNITED REPUBLIC OF TANZANIA



Certificate of Participation

This is to certify that

MW RICE MILLERS

*Participated in the 5th Tanzania Industrial Products Exhibition
from 3rd - 9th December, 2020*

and attained High Standard of Display

Edwin Rutageruka
Director General, Tanzania Trade Development Authority



Plant Pictures



