

WILMAR RICE TANZANIA MOROGORO

PROGRESS REPORT 2023



Contacts:

Wilmar Rice Tanzania (formal Mw Rice Millers Limited)

Plot No 66 - 75

Block Number E

Industrial Area Complex

Kihonda

Morogoro, Tanzania

Contacts Person -Mr. Kavindar (0743 984 793)

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1. Company Background

Wilmar Rice Tanzania Limited was incorporated in 2016 as a paddy milling company to take advantage of the vast opportunities present in the Tanzanian rice sub-sector. The Company is the largest paddy miller in East and Central Africa, offering premium high-grade rice grain that is sold in the local as well as international markets

The Company paddy milling factory occupies an area of 7 acres in Kihonda, Morogoro Industrial Area. The Company's Mission is to use integrated business processes and technology to achieve significant value addition to customers, whilst being sensitive to environmental and social responsibility.

Wilmar 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. As at October'22 the capacity utilisation was at an average of 78%.

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. Rice produced by Wilmar Rice Tanzania is sold under the KORIE RICE brand. The rice is premium quality aromatic rice and is a preference to most of the consumers

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 107 permanent employees across various divisions, 100 men and 7 women and casual labourers of more than 250. Total foreign employees are 13 and 95 are Local.

Shareholders

The shareholding details of the Company are as follows:

Wadworth Holdings Limited- 81.4%

Wilmar Tanzania Pte. Ltd- 18.6%

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 & Inhouse 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

- In October 2022 we have procured 1,762 MT of paddy against target of 4,000MT.
- Paddy availability is minimum in market most of the farmers and stockist are selling need based and holding stock in expectation of price increase in coming months, as sort rainfall (mid Oct to mid Dec) already delayed by 3 weeks.
- 45,900 MT of paddy procured so far in this season at a landed cost of US\$ 497/MT. The Budget was to procure 90,000 MT at a cost of US\$ 300/MT, paddy prices are more that double of last season.

Rice Mill

- In October 5,196 MT paddy milled and Nov YTD paddy milling is 67,792 MT.

Rice Sales

- In October '22, we have sold 3,110 MT, YTD: 40,622 MT (Budget 50,755MT).

Nov YTD	Oct	Sept	Aug	July	June	MAY	APR	MAR	FEB	JAN	YTD 22
3,091	3,110	4,073	3,790	3,186	2,637	1,907	4,267	4,948	4,832	4,780	40,622

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

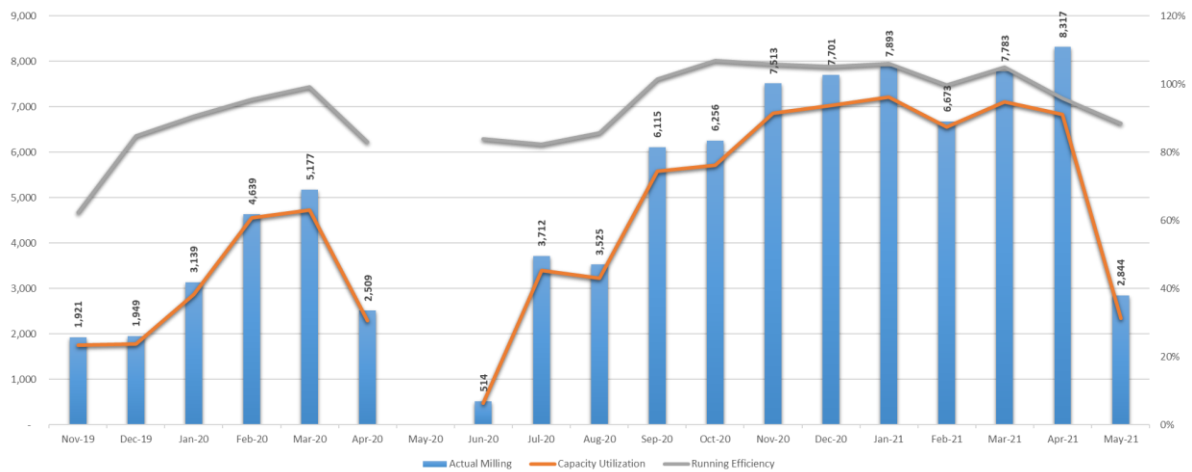
First line Project completed on November 2019 and till June 2020 we have already did milling of 100KMT paddy, covid has impacted the business and now business is back on track, our target is Locally in Tanzania and Export of neighboring East African Countries. We got appreciation letter from local government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

4.1 How Wilmar Rice Tanzania Ltd Has transformed the Tanzania Rice Industry.

- Wilmar Rice Tanzania has introduced state of the art technology in paddy milling process. The entire milling process is done by automated ultra-modern hightech machinery.
- With modern technology, milling conversion of paddy to rice grain is higher (greater than 70%) compared to that of less than 50% achieved by millers using traditional technology
- Modern technology reduces waste production and minimizes energy consumption. Wilmar Rice Mills are fitted with pre-cleaners, de-stoners, de-huskers, milling separators, and length graders. The rice is color sorted, whitened, and then polished using steam unlike traditional mills which use oil to polish the rice.
- These technologies are critical for production of rice grain that meets international food safety standards.

4.2 Paddy Milling, Capacity and Efficiency

- Plant capacity utilization is more than 80% in FY 2022 as we built strong market Domestic and Export Markets.
- Plant capacity increased from 288/TPD to 320TPD from April 2021 onwards.



4.3 Upscaling Tanzania Rice Food Safety Standards in Local and International Markets

- The philosophy is to ensure that rice grain produced meets food safety including international food safety standards. The Company has implemented and maintained a food safety management system, across its operations that conforms to the requirement of Global Food Safety Initiative (GFSI).
- The Company has installed a laboratory for food testing prior to selling to consumers.
- Before entry of Wilmar Rice Millers in the paddy processing business, most of the rice exported from Tanzania was of poor quality, with high percentage of broken grains reducing its market competitiveness even further. As a result, neighboring countries would prefer rice from Pakistan and Thailand which is usually clean with limited proportion of broken rice
- Local rice millers use oil on rice grain to make the grain shiny. Furthermore, the rice grain is produced in unsafe and unhygienic environment and hence rejected in international markets.
- Wilmar Rice is reversing this sentiment on Tanzanian rice which has held poor reputation in international markets due to its low quality. By meeting international standards Wilmar Rice can be sold in the Middle East, America, and Europe

5. Project Financial Expenditure to date:

The total project cost is amounting to USD 24.8Mn. The table below summarizes the project expenditure:

Description	Amount (\$)
LAND - LEASE HOLD	2,784,631
BUILDINGS - PERMANENT	8,012,556
TANK & PIPING	1,338,606
MACHINERY	8,806,560
TOOLS & EQUIPMENT	177,290
ELECTRIC INSTALLATION	2,062,957
COMPUTER / IT EQUIPMENT	48,433
FURNITURE & FIXTURES	38,120
VEHICLE - GENERAL AFFAIR	176,266
VEHICLE - TRUCK	776,217
AUC - BUILDING PERMANENT	36,846
AUC - MACHINERY	581,992
AUC - TOOLS & EQUIPMENT	13,313
AUC - INFRASTRUCTURE	1,397
Total	24,855,184

Insurance Cover

Description	Amount (\$)
Insurance Cover All Assets Risk Cover	29,414,279.90

6. Project Financing

Total project US\$ 24.8Mn. And out of that Equity US\$ 6Mn and US\$ 18Mn by Loans.

5. Sales and Marketing

Wilmar 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.

7. 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).

8.1 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.

8.2 Environmental Compliance

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

8.3 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.

8.4 Training and Development

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

8.5 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.

9.Future Plans

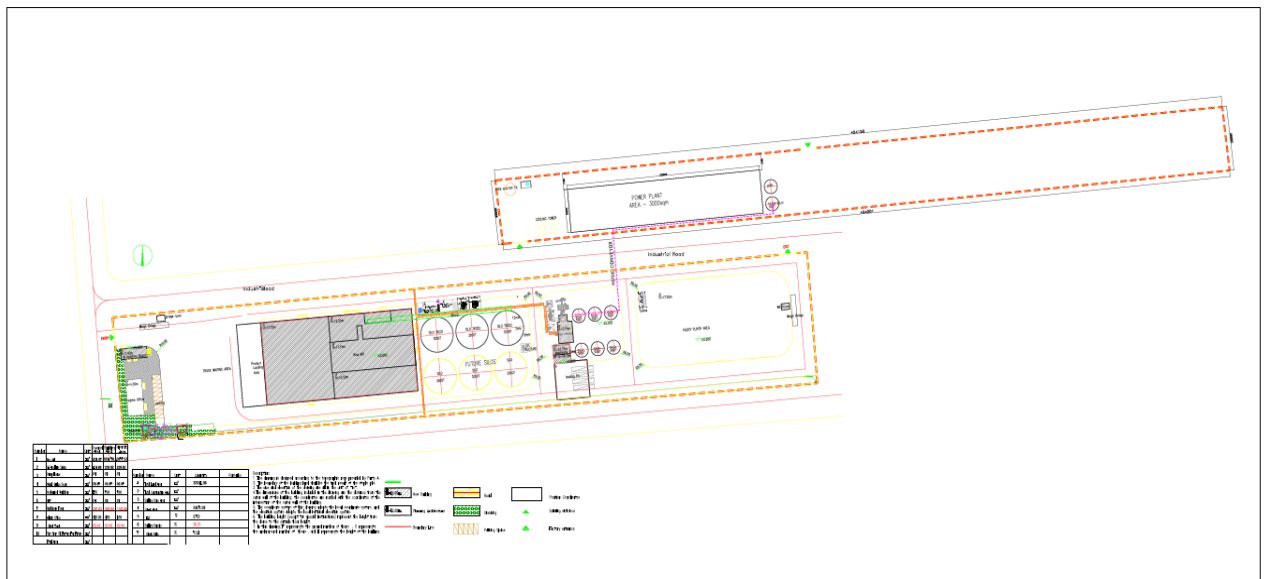
The Company is planning to expand the capacity of current plant by 3 times of existing capacity subject to availability of nearby land, and approval from Tanesco, EWURA, Energy Ministry, MMC, TIC, Tarura and other department for expansion.

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:

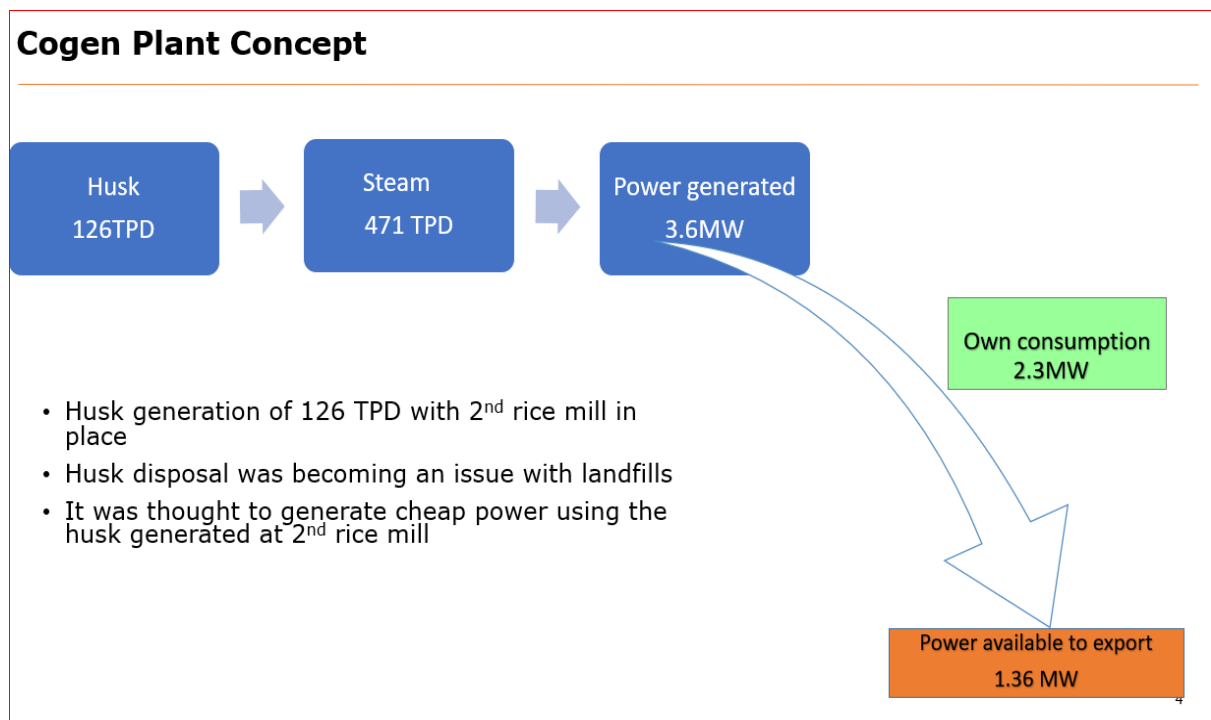
- **Rice Mill Second Line Extension 430TPD**
 - **Pre-cleaner, Destoner, Husker, Whitener, Polisher, Sorter & Grader**
 - **Packing Bulk & Consumer Pack (Additional 500Gms Pouch will be added)**
 - **Additional 250MT Rice Storage Tank for blending flexibility.**
- **Post Drying Flat Bottom Silo**
 - **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;

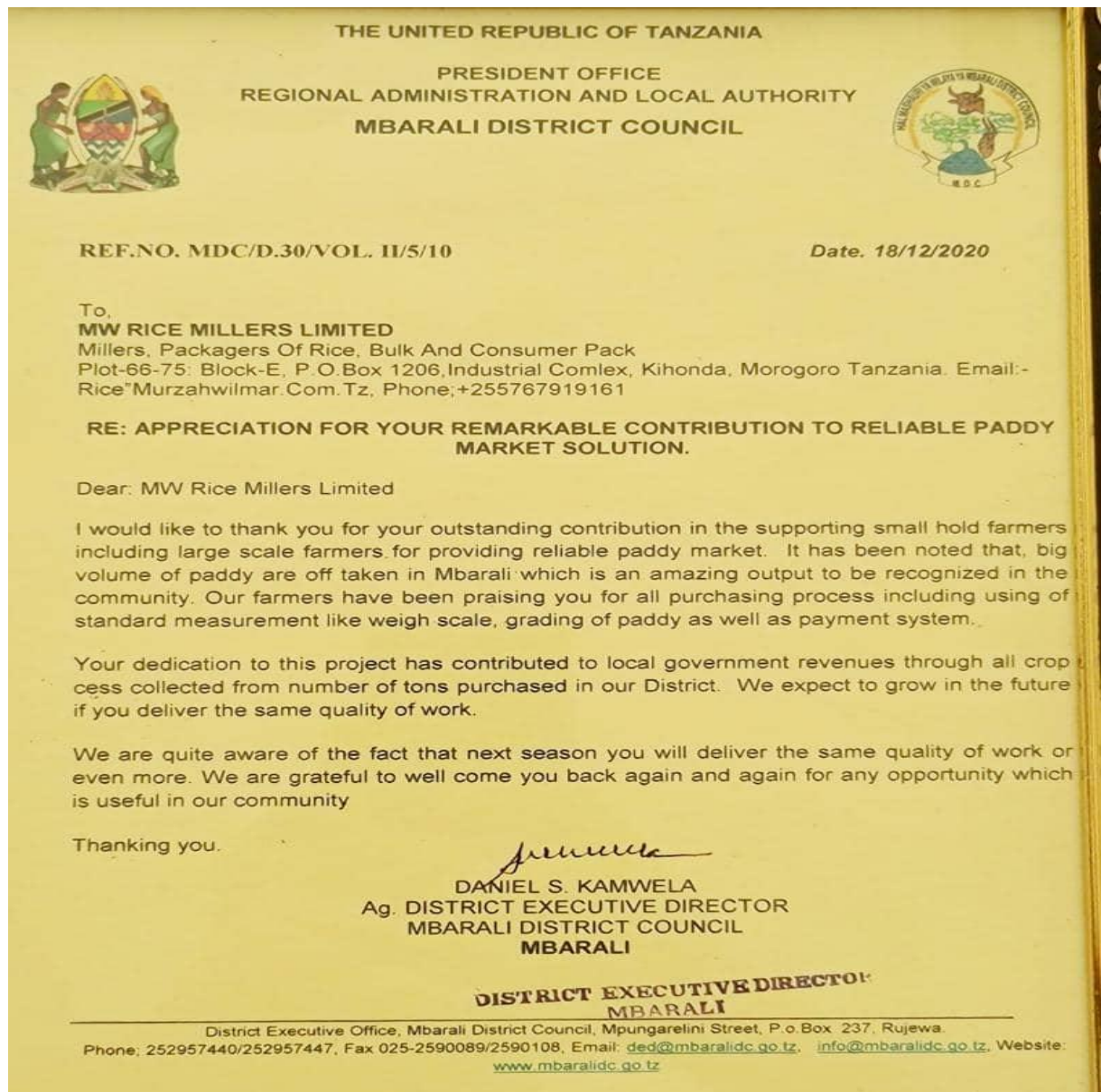


10.Recommendations and any other comments

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.

11.Appreciation



EDITORIAL/ANALYSIS

PHOTO OF THE DAY





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





