11/3/2018

Business Plan & Feasibility Study

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1. INTRODUCTION

BAGAMOYO SUGAR LIMITED, was incorporated in the United Republic of Tanzania under the Companies Act, 2002 vide Certificate of Incorporation 131640 dated 1st December 2016 *(herein after referred to as **"BSL"**)*. The registered office of the company is situated at Plot no. 1, Block 75, Livingingstone Street, P.O.Box-2517, Dar es Salaam, Tanzania.

BSL is a special purpose project company formed by esteemed "**Bakhresa Group"** which is an industrial conglomerate based in Tanzania, East Africa with at par excellence and qualitative experience of five decades in the fast moving consumer goods along with Packaging, Logistics, Marine Passenger Services, Petroleum and Entertainment.

The purpose of setting up BSL is for developing sugar cane plantation and setting up a green-field sugar plant in Bagamoyo. For this purpose, the land area has been identified admeasuring 10,000 hectares situated at Makurunge Village, Bagamoyo District.

In this regard, we have compiled feasibility study report for implementation of this project and would like to submit to Tanzania Investment Center (TIC) together with an application for registration of Certificate of Incentive.

The overall estimated project cost is USD 191.59 million. The project will contribute to an overall progress, growth and development to the region and to the country; hence, we also seek to have an approval of being a Strategic Investor.

Considering the scale of Investments and involvement of time for implementation of the project, the project requires incentives and benefits to be viable.

Therefore, we hereby submit our detailed write up about the Management, Project and Financials together with necessary attachments and documents for necessary registration under Tanzania Investment Centre and availing incentives for the Project.

2. ABOUT THE PROJECT

The Project is about developing Sugar cane plantation and setting up a green-field sugar plant. The project is at Farm no. 3565/1, Makurunge, Bagamoyo district, Tanzania. The total land area of the farm is 10,000 Ha. The overall capacity of the Sugar mill will be 3,500 TCD.

The Implementation period of the project has been estimated over a period of ten years. However, the implementation has been segregated in three difference Phases. Out of overall land area of 10,000 Ha, the land area of 6,000 Ha will be developed (2,000 Ha under each implementation Phase).

Under Phase – I the capacity will be installed for 1,500 TCD and expected to start commercial operation by end of year 2020. The Phase – II will commence in the year 2024 and estimated to complete by end of 2025 with additional capacity of 1,000 TCD. The Phase – III will start from the year 2029 and estimated to complete by end of 2030 with additional capacity of 1,000 TCD.

Following table shows brief on estimated implementation details and requirement under each Phase.

			Fifth Year	10th Year	
	Unit	**Phase 1**	**Phase 2**	**Phase 3**	**Total**
Sugar Cane Cultivation Area	Ha	2,000	2,000	2,000	6,000
Sugar Mill Capacity	TCD	1,500	1,000	1,000	3,500
Annual Sugar Cane Production	M.T	200,000	200,000	200,000	600,000

Annual Sugar Production	M.T	19,048	19,048	19,048	57,143
Estimated Project Cost	Million USD	80.08	51.98	59.54	191.59
Long Term Loan	Million USD	55.00	35.00	35.00	125.00
Promoters' Contribution	Million USD	25.08	16.98	24.54	66.59

The overall project cost has been estimated at USD 191.59 million which will be in the phased manner as outlined in the above table, out of this, USD 125 million will be funded from Banks / Financial Institutions/ other external sources and balance will be sourced from Promoters / internal sources. Also the said Investments in Phase 2 and phase 3 of the project will be subject to availability of

a. Water and Other required resources.
b. Favorable economic conditions.
c. Suitable government Policies.
d. Favorable International & Domestic price of Sugar.

The project is estimated to create approx. 1,500 direct jobs in Bagamoyo region and also create many indirect business opportunities near the region. At full capacity, the operations are expected to inject about USD 10 m annually into the local economy through salaries to employees and the purchase of local goods and services. This is expected to generate long term wealth creation into the area and improve the livelihood for approx. 10,000 people. The project is designed to generate as much local value as possible, based on locally produced agricultural products with end products destined for the domestic market, replacing imports. The Tanzanian economy would through replacement of imports, have improved trade balance.

BSL has also taken adequate measures to safeguard the environment and water availability. BSL project would have minimum greenhouse gas emissions, would mitigate climate change challenges and promote positive social impacts.

Together with its partners, BSL has proven industrial capacity and know-how. The management and owners of the Bakhresa Group with its selected partners have extensive relevant entrepreneurial and industrial experience to build and run the project.

To ensure that the project has access to the right expertise, BSL are in process of having agreements with expert strategic partners for successful implementation of the project.

The Project will be implemented with latest sub-surface drip irrigation system for the farm for cost effectiveness and better yield of sugar cane. Necessary measures will be taken for obtaining better realization, quality product and efficient and automated production process.

In order to summarize, below is a brief snap shot of the project:

Particulars	**Details**
Name of the Company	M/s Bagamoyo Sugar Limited
Date of Incorporation	1st December 2016
Certificate of Incorporation	131640
Main Activity	Growing of Sugar Cane and Production and Sale of Sugar
Total Land	10,000 Ha
Location of Land	Makurunge Village, Bagamoyo District, Tanzania
Area to be developed	Total 6,000 Ha in following Phases:- Phase 1(2018-2020)- 2,000 Ha, Phase 2(2021-2025)- 2,000 Ha, and Phase 3- (2026-2030)-2,000 Ha.
Estimated Investment	US$191.59 million
Employment Generation	1,500 directly

3. PROJECT MEETING CRITERIA FOR STRATEGIC INVESTOR STATUS

The Project meets all criteria as set for having status of Strategic Investor Status.

- The Promoters of the Company are Mr. Said Salim Awadh Bakhresa and Mr. Abubakar Said Salim Bakhresa, who are Tanzanian. Hence, the Project is owned locally.

- The overall Investment in the Project is USD 191.59 Million, which is more than minimum requirement of USD 20 million, being locally owned company.

- The project will generate direct employment of approximately 1,500 individuals. This will have an impact of generating indirect employments around the region in Bagamoyo. Hence, this Project will have a big impact on having an overall development of the region.

- The Sugar Plant Project will have capacity of 3,500 TCD and production of Sugar will be done locally, which will have significant impact on Imports of sugar. Hence, the Project will produce significant import substitution of Sugar.

- The Import substitution will have positive impact on Foreign Earnings for the Country.

The above justifies that implementation of this Project of setting up Sugar Plant will have an overall benefit to the region and to the country.

4. PROMOTERS

The Management of BSL is being closely managed by the family members. Following is the business experience of Directors of BSL:–

- **Mr. Said Salim Awadh Bakhresa**

  Said Salim Awadh Bakhresa is the founding father and the Chairman of the Bakhresa Group of Companies. He is a well-known industrialist in the region. With a humble beginning as a small restaurateur in the seventies, he created the business empire within a span of four decades. He is the mastermind behind the success of all the businesses within the group. His vision and excellent managerial skills contributed to the growth of this group to great heights. He is having proven track record and sound experience of over five decades in Fast Moving Consumer Goods businesses in Tanzania.

- **Mr. Abubakar Said Salim Bakhresa**

  Abubakar Said Salim Bakhresa is the Managing Director of Bakhresa Malawi Limited, Bakhresa Grain Milling (Rwanda), Bakhresa Grain Milling Limitada (Mozambique) and Bakhresa SA (Pty) Limited. He's the Executive Director of Said Salim Bakhresa & Co Ltd. Mr. Abubakar holds a B.Sc in Business Administration, majoring in Finance from Georgetown University, Washington D.C. USA. He is primarily involved in the wheat milling businesses of the Group and looks after the wheat procurement for the Group.

Following table shows Shareholding pattern in BSL.

Shareholders	Percentage
Mr. Said Salim Awadh Bakhresa	50%
Mr. Abubakar Said Salim Bakhresa	50%
TOTAL	**100.00 %**

5. ABOUT THE GROUP

Bakhresa Group is a leading industrial house having head quarter in Tanzania. The Group operations spread over eight countries in SSA. The Group is primarily into FMCG sector.

The range of the products are:

- Carbonated Soft Drinks,
- Ice-Cream,
- Bottled Water,
- Fruit Juices,
- Milk,
- Wheat Flour,
- Polypropylene Bags,
- Plastic Packaging and Printing,
- Biscuits and confectioners.

The Group provides the following services:

- Marine Passenger and Cargo Transport Services between mainland Dar es Salaam and Zanzibar and nearby Islands,
- Partv Entertainment Services on DTH platform,
- Inland Container Depot,
- Transport & Other Logistical Services,
- Supply of Petroleum Products.

The group is also into Real Estate Development business.

The Group employs more than 8,000 employees directly and is one of large tax payer in the region.

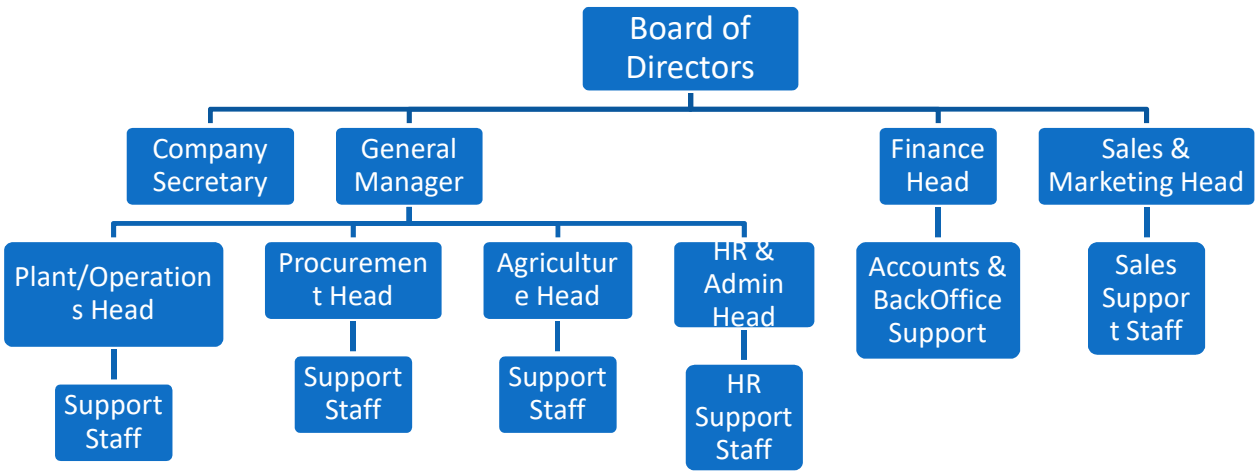
Bakhresa Group is keen to work with the Government to improve the local sugar production and gradually reduce the dependence on Imports. Since there is huge shortage of sugar in the country, the market for sugar is assured.

Bakhresa Group is primarily into the FMCG sector enjoying very good customers' loyalty in the country due to its focus on delivering international quality products and services at affordable prices. Over the years it has developed "Azam" brand in the country. It has excellent distribution and logistics chain.

Bakhresa Group is the largest producer of wheat flour in East Africa. Sugar follows same distribution chain as that of wheat flour and the customers shall be more than happy to buy sugar from Bakhresa Group because of their trust on the Bakhresa Group and the convenience of dealing with one supplier.

Sugar will be one more addition to the basket of FMCG products produced and supplied by Bakhresa Group.

6. ORGANISATION CHART



ROGRESS MADE SO FAR

Following is the brief on the progress of the Project so far.

- Incorporated a new company called "Bagamoyo Sugar Limited"
- Purchased 10,000 Ha of the land from the Govt of Tanzania. The land is situated in Makurunge Village of Bagamoyo District along the Wami River Basin.
- Demarcated the boundaries and identified the beacons,
- Conducted the soil profile study, preliminary topographic study of the land, water analysis through the Agricultural Research Institute.
- Survey by Irrigation Engineers for assessing the water availability, irrigation and bulk water design.
- Received water rights from Wami River Basin Authority.
- Developing a foundation nursery
- Contacted and finalized the contract with Ardhi University, Tanzania, for conducting Environmental Impact Assessment Study
- Engaged in discussion with NETAFIM, world leaders in sub-surface drip irrigation system who shall be supplying on turnkey basis the irrigation and bws systems and also assist Bakhresa group for farm development and management.
- Engaged in discussion with JP Mukherjee Group in India, one of the leading Consultants on Sugar Industry, to provide consultancy services for the setting up of the state of the art sugar plant.

7. FUTURE TASKS IN PROGRESS

The Management of BSL is currently working on planning and executing following future task for further progress to implementation of the Project.

- Liaise with Govt agencies for development of infrastructure and obtaining all the necessary licenses.
- Develop foundation, primary & secondary nursery.

- Finalization of contracts for supply of irrigation and plant equipment
- Bush clearance and land preparation,
- Prepare bulk water storage and irrigation facilities, internal roads, culverts etc
- Development Sugar Cane Farm,
- Civil works of the building.
- Negotiation and finalization on Import of plant equipment, erection, installation and commissioning of the plant

Apart from the above, further Management has an anticipation of having following challenges for the project.

- Low international prices-

  This situation may change due to excessive pricing pressure on the sugar millers in Brazil, which is the main producers of sugar. With the fuel prices remaining high, the tendency to go for ethanol production shall be high.

- High cost of domestic production –

  BSL wish to use latest sub-surface drip irrigation system in the farm for growing sugar cane and state of the art sugar plant to be an efficient cost effective producer in the long run. We shall adopt the best farming management practices for better growth and yield.

- Low cane yields for out growers –

  BSL are initially focusing on developing our own nucleus farm. Our primary dependence for sugar cane shall be from our own nucleus farm.

- Inadequate infrastructure and natural resources-

  We want to work with the Government for improving the infrastructure surrounding our area and increasing the sugar cane farming acreage.

- High harvesting and post harvesting losses –

BSL shall focus on efficient harvesting practices

- Government Policies:

  At present the Government's focus is to encourage local manufacturers to produce more and more sugar. This policy need to continue for long term domestic growth of sugar industry.

8. BENEFITS OF THE PROJECT

Following are major benefits from the Project to the region and to the County.

- This project shall generate employment in the Bagamoyo region. It can provide direct employment to more than 1,500 people and also creates opportunities to an indirect employment in the region.

- Production of Sugar will be an import substitution and will have valuable saving in foreign exchange of the nation.

- The project will have production of Sugar locally and this will help in stabilization of domestic sugar prices in case the international prices go up.

- Considering the overall project strength and area of the project, in future, the project can support local out growers and work with international financing institutes and NGOs for encouraging local farmers to grow sugar cane.

9. PROJECT IMPLEMENTATION SCHEDULE

Following is the project implementation schedule with estimated time line to start commercial production by end of year 2020 under Phase – I

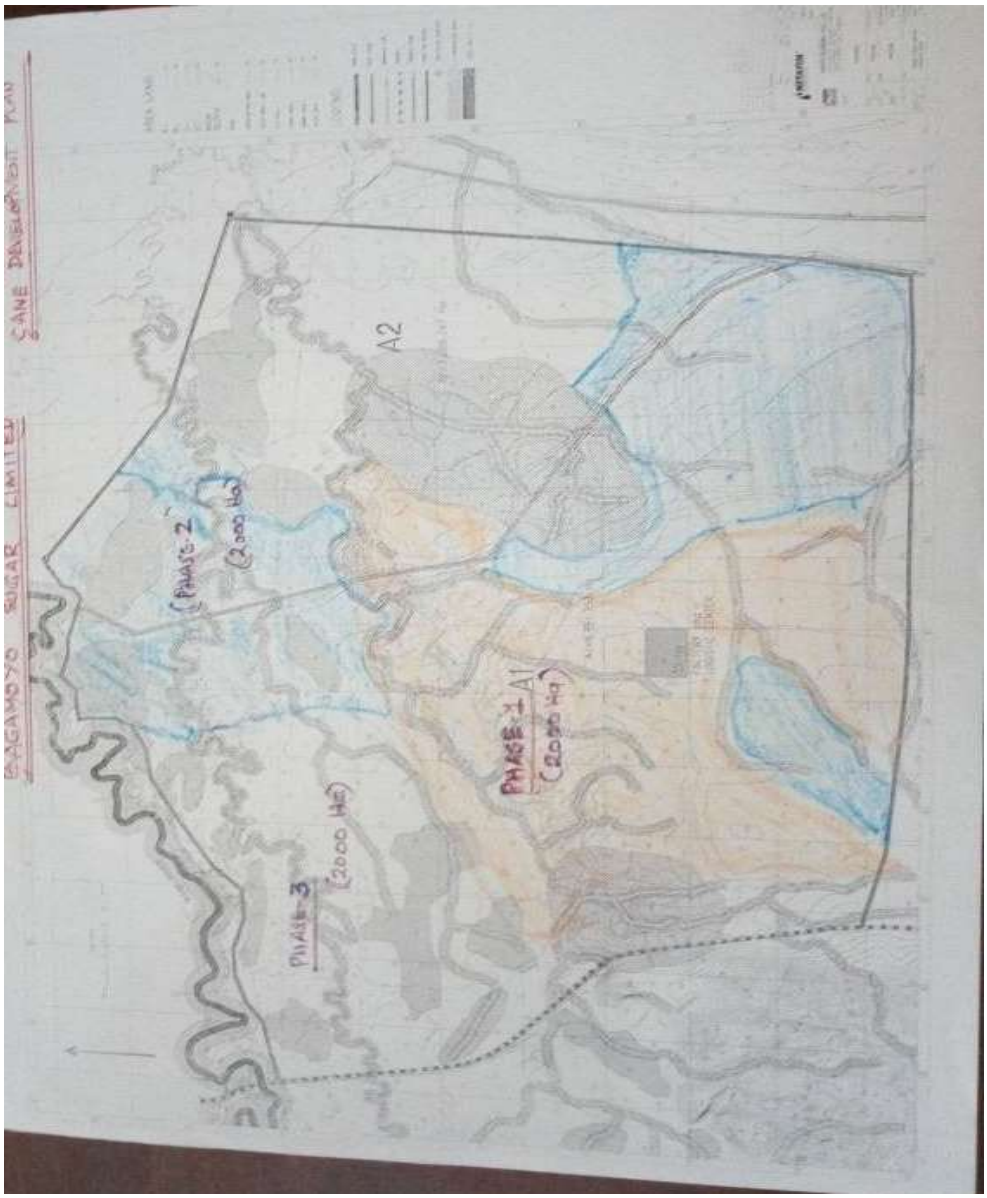
BAGAMOYO SUGAR LIMITED
PROJECT IMPLEMTATION SCHEDULE

	Phase -1				2017	2018				2019				2020			
S.No	ACTIVITY	PROPOSED PERIOD		DURATION		Qtr- 1	Qtr- 2	Qtr- 3	Qtr- 4	Qtr- 1	Qtr- 2	Qtr- 3	Qtr- 4	Qtr- 1	Qtr- 2	Qtr- 3	Qtr- 4
		FROM	TO	in Months													
1	Land Acquisition																
2	Soil Profile Study	Jun 2017	Sep 2017	4													
3	Environment & Social Impact Assement Study	Sep 2017	March 2018	6													
4	Compensation Payment to Settlers & Resettlement	April 2018	May 2018	2													
5	Hydrology & Bathymetric Survey	Aug 2017	Dec 2017	5													
6	Land Topographic Survey	Feb 2018	March 2018	2													
7	Geo Technical Study	March 2018	April 2018	2													
8	BWS & Irrigation Design	March 2018	April 2018	2													
9	Feasibility Study Report	Nov 2017	Feb 2018	4													
10	Arranging Funding from Banks	March 2018	June 2018	4													
11	Appointment of Consultants	March 2018	April 2018	2													
12	Bush Clearing & Land Levelling	April 2018	June 2019	15													
13	Land Preparation	June 2018	July 2019	13													
14	Bulk water and pipe line laying	Aug 2018	July 2019	12													
15	Rehabilitation of Natural reserviors	August 2018	July 2019	12													
16	Pump station & Infield cluster house	Nov 2018	Oct 2019	12													
17	Infield irrigation	Jan 2019	Nov 2019	11													
18	Nursery (Three Stage)	Dec 2017	Aug 2019	21													
19	Sugar Cane Farming	June 2019	Nov 2020	16													
20	Invitation of Tender for Sugar Plant	June 2018	June 2018	1													
21	Finalisation of Vendors	July 2018	Sept 2018	2													
22	Manufacture of Equipment	October 2018	July 2019	10													
22	Geo technical study of factory Location/Load bearing Test	Dec 2018	-	1													
23	Shipping of Equipment	Aug 2019	Nov 2019	4													
24	Installation & Commissioning	Dec 2019	Aug-20	9													
25	Finalisation of Civil Contractor	July 2018	Aug 2018	2													
26	Civil Works	Nov 2018	April 2020	18													
27	Commencement of Production	Sep-2020															

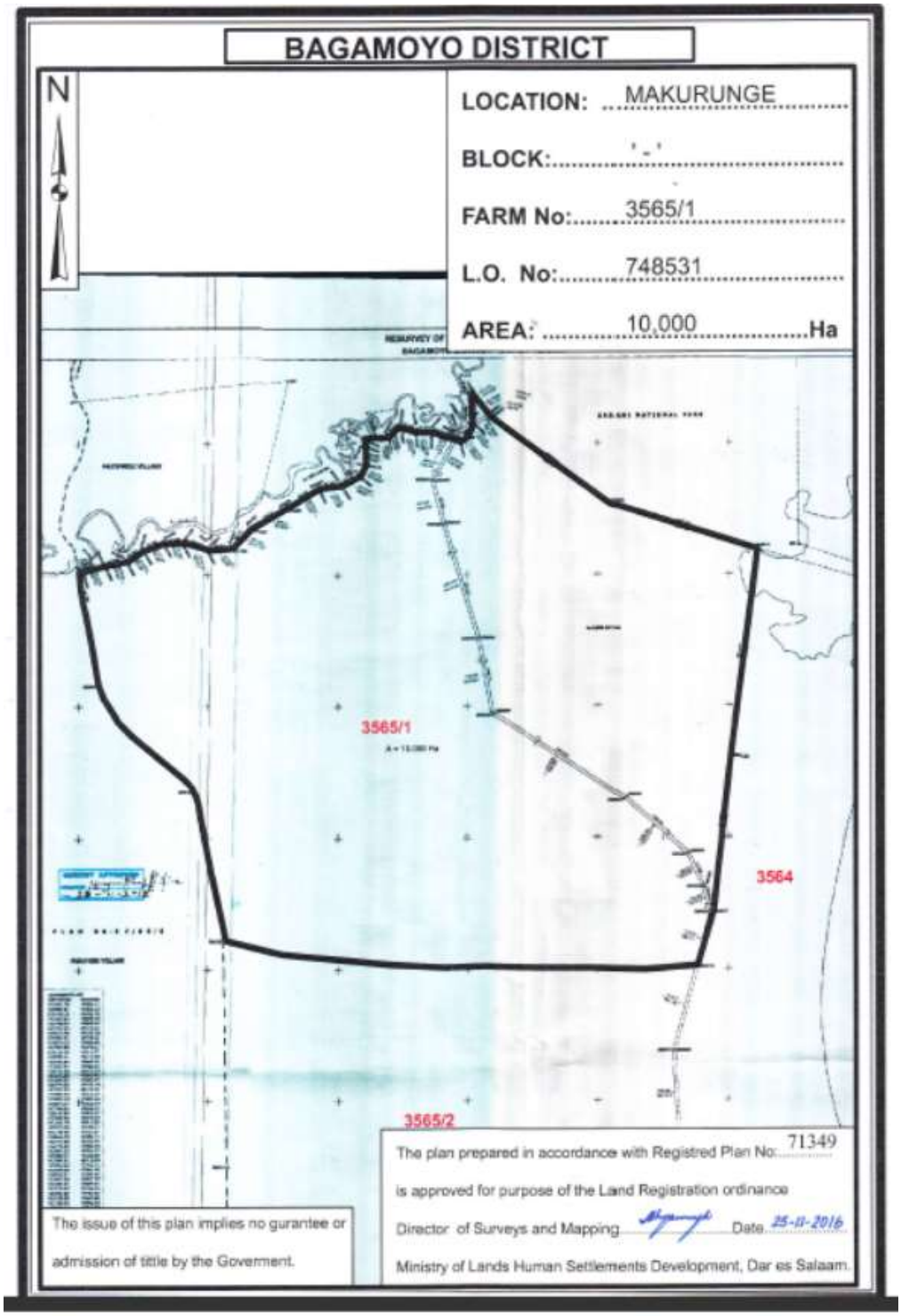
10. PROJECT SITE MAP

The proposed Project will be implemented at land area admeasuring 10,000 hectors known as Farm no. 3565/1, Makurunge at Bagamoyo District

The below picture shows phase wise bifurcation of the Project Site



The below picture shows Site map as per Land Registration Document


BAGAMOYO DISTRICT
N
LOCATION: MAKURUNGE
BLOCK: '-'
FARM No: 3565/1
L.O. No: 748531
AREA: 10.000 Ha
3565/1
3564
3565/2
The plan prepared in accordance with Registred Plan No: 71349
is approved for purpose of the Land Registration ordinance
Director of Surveys and Mapping Date 25-11-2016
Ministry of Lands Human Settlements Development, Dar es Salaam.
The issue of this plan implies no gurantee or
admission of title by the Goverment.

11. SUGAR MANUFACTURING PROCESS

Following is the brief on Sugar Manufacturing Process

- **Planting and harvesting**

  Sugarcane requires an average temperature of 75 degrees Fahrenheit (23.9 degrees Celsius) and uniform rainfall of about 80 inches (203 centimeters) per year. Therefore, it is grown in tropical or subtropical areas.

  Sugarcane takes about seven months to mature in a tropical area and about 12-22 months in a subtropical area. At this time, fields of sugarcane are tested for sucrose, and the most mature fields are harvested first.

- **Preparation and processing**

  After the cane arrives at the mill yards, it is mechanically unloaded, and excessive soil and rocks are removed. The cane is cleaned by flooding the carrier with warm water (in the case of sparse rock and trash clutter) or by spreading the cane on agitating conveyors that pass through strong jets of water and combing drums (to remove larger amounts of rocks, trash, and leaves, etc.). At this point, the cane is clean and ready to be milled.

- **Juice extraction pressing**

  Two or three heavily grooved crusher rollers break the cane and extract a large part of the juice, or swing-hammer type shredders (1,200 RPM) shred the cane without extracting the juice. Revolving knives cutting the stalks into chips are supplementary to the crushers. (In most countries, the shredder precedes the crusher.) A combination of two, or even all three, methods may be used. The pressing process involves crushing the stalks between the heavy and grooved metal rollers to separate the fiber (bagasse) from the juice that contains the sugar.

  As the cane is crushed, hot water (or a combination of hot water and recovered impure juice) is sprayed onto the crushed cane counter currently as it leaves each mill for diluting. The extracted juice, called vesou, contains 95 percent or more of the sucrose present. The mass is then diffused, a process that involves finely cutting

or shredding the stalks. Next, the sugar is separated from the cut stalks by dissolving it in hot water or hot juice.

- **Purification of juice — clarification and evaporation**

The juice from the mills, a dark green color, is acid and turbid. The clarification process is designed to remove both soluble and insoluble impurities (such as sand, soil, and ground rock) that have not been removed by preliminary screening. The process employs lime and heat as the clarifying agents. Milk of lime neutralizes the natural acidity of the juice, forming insoluble lime salts. Heating the lime juice to boiling coagulates the albumin and some of the fats, waxes, and gums, and the precipitate formed entraps suspended solids as well as the minute particles.

The muds separate from the clear juice through sedimentation. The non-sugar impurities are removed by continuous filtration. The final clarified juice contains about 85 percent water and has the same composition as the raw extracted juice except for the removed impurities.

To concentrate this clarified juice, about two-thirds of the water is removed through vacuum evaporation. Generally, four vacuum-boiling cells or bodies are arranged in series so that each succeeding body has a higher vacuum (and therefore boils at a lower temperature). The vapors from one body can thus boil the juice in the next one—the steam introduced into the first cell does what is called multiple-effect evaporation. The vapor from the last cell goes to a condenser. The syrup leaves the last body continuously with about 65 percent solids and 35 percent water.

- **Crystallization**

Crystallization is the next step in the manufacture of sugar. Crystallization takes place in a single-stage vacuum pan. The syrup is evaporated until saturated with sugar. As soon as the saturation point has been exceeded, small grains of sugar are added to the pan, or "strike." These small grains, called seed, serve as nuclei for the formation of sugar crystals.

The growth of the crystals continues until the pan is full. When sucrose concentration reaches the desired level, the dense mixture of syrup and sugar crystals, called massecuite, is discharged into large containers known as

crystallizers. Crystallization continues in the crystallizers as the massecuite is slowly stirred and cooled.

Massecuite from the mixers is allowed to flow into centrifugal, where the thick syrup, or molasses, is separated from the raw sugar by centrifugal force.

- **Centrifugaling**

The high-speed centrifugal action used to separate the massecuite into raw sugar crystals and molasses is done in revolving machines called centrifugal. A centrifugal machine has a cylindrical basket suspended on a spindle, with perforated sides lined with wire cloth, inside which are metal sheets containing 400 to 600 perforations per square inch. The basket revolves at speeds from 1,000 to 1,800 RPM. The raw sugar is retained in the centrifuge basket because the perforated lining retains the sugar crystals. The mother liquor, or molasses, passes through the lining (due to the centrifugal force exerted). The final molasses (blackstrap molasses) containing sucrose, reducing sugars, organic no sugars, ash, and water, is sent to large storage tanks.

Once the sugar is centrifuged, it is "cut down" and sent to a granulator for drying.

- **Drying and packaging**

Damp sugar crystals are dried by being tumbled through heated air in a granulator. The dry sugar crystals are then sorted by size through vibrating screens and placed into storage bins. Sugar is then sent to be packed in the familiar packaging we see in grocery stores, in bulk packaging, or in liquid form for industrial use.

- **Byproducts**

The bagasse produced after extracting the juice from sugar cane is used as fuel to generate steam in factories.

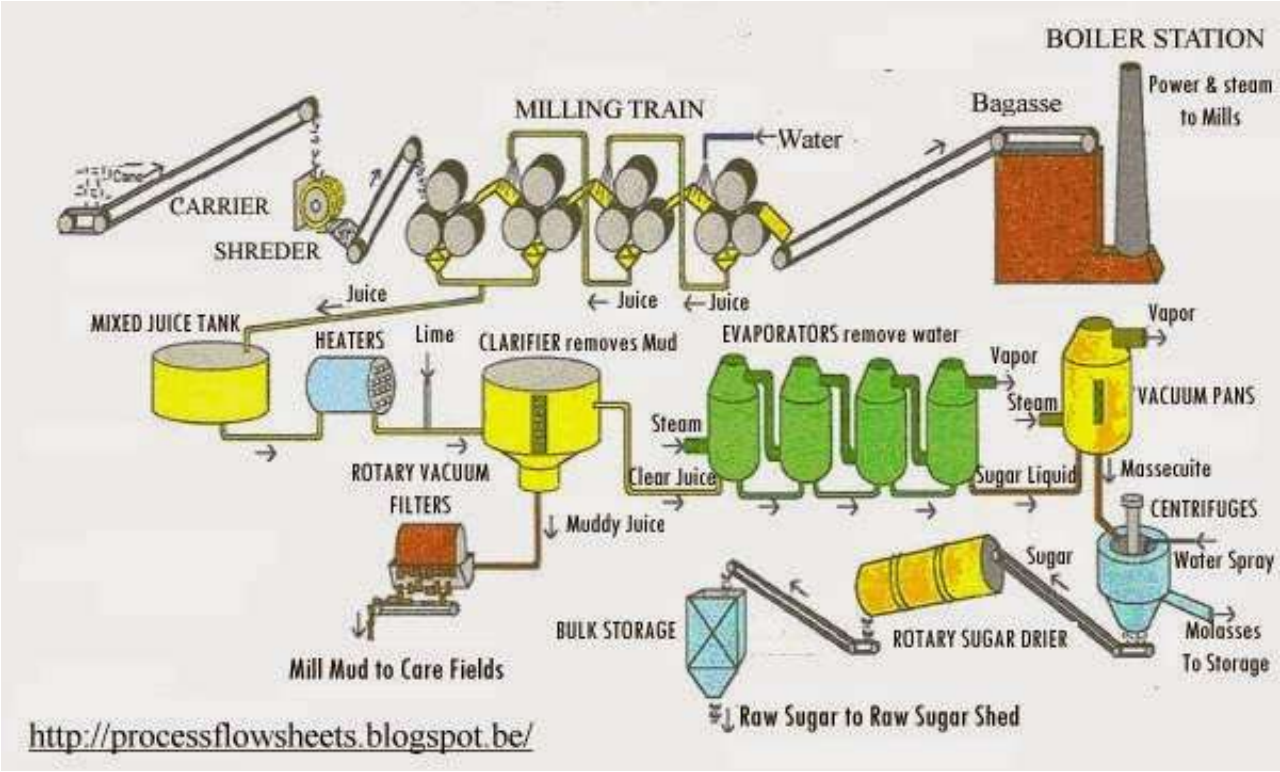
The end product derived from sugar refining is blackstrap molasses. It is used in cattle feed as well as in the production of industrial alcohol, yeast, organic chemicals, and rum.

- **Quality Control**

Mill sanitation is an important factor in quality control measures. Bacteriologists have shown that a small amount of sour bagasse can infect the whole stream of

warm juice flowing over it. Modern mills have self-cleaning troughs with a slope designed in such a way that bagasse does not hold up but flows out with the juice stream. Strict measures are taken for insect and pest controls.

Process chart in brief



12. SEEKING FOR INCENTIVES

With reference to this project, we would like to submit our request for following exemptions from tax and levies in order to support this venture in Tanzania.

Request for Exemptions for –

a. All Duties, taxes and Government levies including VAT, Import Duty and Excise Duty on Plant & Equipment, Building Materials, Electrical Components, Vehicles, Material Handling Equipment, Earthmoving Equipment, Farm & Agriculture Equipment, Tractors, Spare Parts & Replacement Parts, Fertilizers and Chemicals, Packing Materials, Consumables and Other Raw Materials during the Project Development period and for further period of 5 years of commercial operations after completion of Phase 3.

b. VAT including Reverse VAT – on local and foreign services as well as local and Foreign purchases

c. Exemption from all Taxes, Duties and Government levies including VAT & Excise Duty on Sugar and Molasses for period of 10 years.

d. Withholding Tax exemption on
    i. Service fees paid inside and outside Tanzania during project implementation and for a period of 5 years after commercial operations during warranty period
    ii. Interest paid to Banks and entities other than Banks (meaning Financial Institutions, Private entities (subordinated debt) or Individuals
    iii. Service fees paid to Banks and other entities
    iv. Dividend
    v. Rent

e. Local Government Exemption from Liability to pay rates, levies and taxes

f. Fuel duties, levies etc including;
    i. EWURA Levy
    ii. Excise Duty
    iii. VAT
    iv. Fuel Levy
    v. Any Other Government Levy

g. Excise Tariff ordinance

h. East Africa Community Customs Tariff

i. Income Tax Exemption

j. Stamp duty

k. Destination inspection fee on import

l. Work and Residence Permit and Visa Fees for Expatriate Staff, Consultants, Contractors and their Staff, Erectors, Installation Staff, Farm Operation Staff for the Project.

m. Registration fees payable to Contractors Registration Board

n. Registration fees payable to Architects, Quantity Surveyors Registration Board

o. Registration fees payable to Engineers Registration Board

p. Exemption from payment of overweight Penalty to TANROADS for the use of roads to transport Heavy Equipment and Ethanol to and from the Project Site.

q. Paye As You Earn (PAYE)

r. Skills & Development Levy on employment offered

s. NSSF / PPF contribution on salaries to staff

t. Workers Compensation Fund

u. 100% Wear & Tear Allowance on CAPEX – first year

v. Exemption from payment of Alternate Minimum Tax – Section 4 (1) (a) of Income Tax Act 2004

w. Capital Gain Tax

x. City Service Levy

2) Immunity in case there are any changes in Tax Statutes which have granted exemption in performance agreement that these changes would not affect

Bagamoyo Sugar Limited Status for exemption till the time respective GN's are valid.

3) Non Fiscal Incentives

a. Availability of Land free of Occupation.
b. Resettlement of Settlers on the land as per international guidelines
c. Connectivity of required Power and availability at the Site
d. Approach Road to the Site.
e. Providing Water and Water Right as per requirement.
f. Work and Residence Permit and Visa for Expatriate Staff, Consultants, Contractors and their Staff, Erectors, Installation Staff, Farm Operation Staff for the Project.

Since the project will be providing more benefits to region, to the country and to the people of the country, the above incentives are vital in terms of reduction of overall operation cost of the project and smooth implementation and setup. The incentives will certainly encourage Promoters to venture similar projects for the country.

13. AGRICULTURE AND SUGAR SECTOR – TANZANIA

Tanzania, with a population of more than 55 million, is a sugar deficit country. The demand for sugar in Tanzania is between 550,000 to 600,000 tons per annum, whereas the current production is about 300,000 tons. The shortfall is met with imports.

To reduce the dependency on imports, the Government of Tanzania is aggressively pursuing on multiple fronts to increase the domestic production of sugar.

Tanzania Population:

Year	2000	2005	2010	2011	2012	2013	2014
Population in millions as on 1st January	33.56	38.50	44.94	46.39	47.89	49.43	51.02
Average annual growth in %	2.55	2.94	3.34	3.23	3.23	3.21	3.22

Year	2015	2016 (e)	2020 (p)	2025 (p)	2030 (p)	2035 (p)
Population in millions as on 1st January	52.65	56.02	62.27	72.03	82.93	95.04
Average annual growth in %	3.19	3.20	2.78	3.13	3.03	2.92

Source: http://countrymeters.info/en/Tanzania

At this average rate of growth**, Tanzania is expected to be 14t most populated country by the year 2050 and 4h most populated country by the year 2100 (As on 2015- Tanzania is ranked 26h)**

Tanzania GDP

GDP Annual Growth

The GDP growth rate averaged at 6.72% from the year 2002 to 2016 and is expected to remain stable for next few years.

Per Capita GDP in US Dollar (Nominal)

2015 - 957, 2016- 970, 2017- 1032 (World Ranking 155)

Source: IMF World Economic Outlook, April 2017

- **Agriculture sector in Tanzania**

Agriculture is Tanzania's economy mainstay, contributing USD 13.9bn to its GDP (nearly 30%) and 67% to the total employment during the year 2014. The Country has 44 million hectares of arable land, of which 23% are under cultivation. About 80% of production comes from subsistence farmers relying on rain fed. Main food crops in Tanzania are Maize, Rice, Sorghum, Millet, Beans, Cassava, Potatoes and Bananas. Main cash crops are Coffee, Sisal, Cashew Nuts, Tea, and Cotton & Tobacco. These cash crops contribute largely to the country's foreign exchange earnings. Agriculture remains the top priority of the Government to reduce the poverty.

- **Sugar Sub-Sector**

Sugar is part of essential diet in the daily life. It is the source of carbohydrate required for the body. Sugar is generally used in sweets, beverages, bakery products etc.

Sugarcane is the second largest agricultural crop in the country, contributing about 4% of the annual gross value of agricultural production. Sugar industry is one of the largest agro-processing industries in Tanzania and contributes about one third of the food-manufacturing sector and about 5-7% of the total manufacturing value added. This sector account for about 13% of the agricultural employment in Tanzania and almost 6% of the total national employment. Contributed about 1% of national GDP and 2% of the total tax revenue (Year-2012).

- **Tanzania Sugar Industry**

Tanzania has four companies producing sugar cane and sugar:

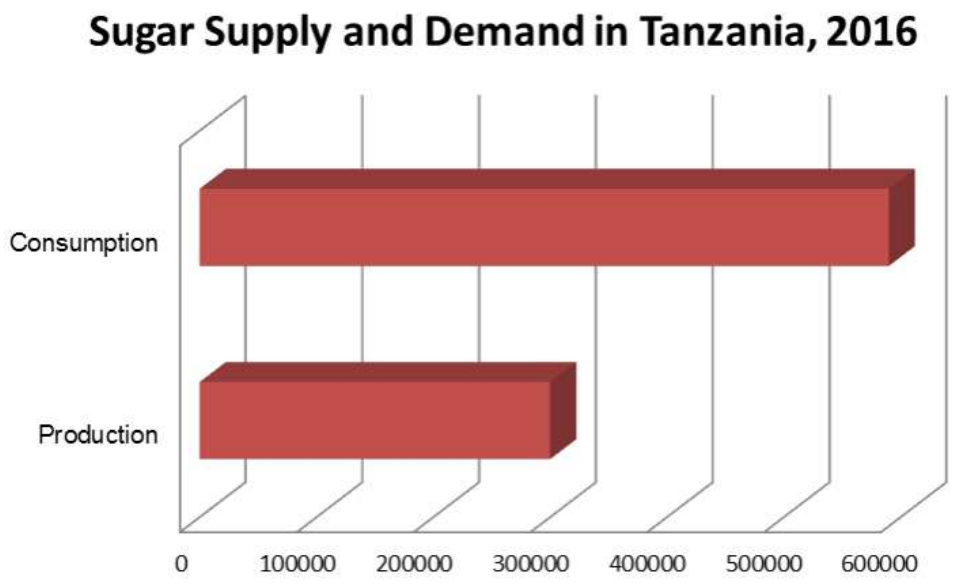
- **Kilombero Sugar Company (KSCL)-** Two mills located in Kilombero and Kilosa districts, Morogoro Region.
- **Mtibwa Sugar Estate Limited (MSEL) –** Located in Movomero District, Morogoro Region
- **Tanganyika Planting Company Limited (TPCL)** –Located in Moshi Rural District, Kilimanjaro Region
- **Kagera Sugar Estate Limited (KSEL)** –Located in Kagera Region

Tanzania Sugar Production (2013)

Company	Kilombero	TPC	Mtibwa	Kagera
Total Land (Ha)	21,800	7,739	8,050	12,000
Irrigated Land (Ha)	6,174	7,739	7,500	4,000
Out growers Land (Ha)	12,000	No Out growers	Not Known	4,082 (e)
Plantation Cane (Ha)	9,800	7,739	8,050	12,000
Total Cane Crushed (MT)	1,200,000	790,000	436,000	500,000
Raw Sugar Produced (MT)	120,000	80,000	50,000	50,000
Mill Capacity (TCH)	245	150	150	120
Robobank-2013				

In the year 2016, Tanzania produces an average of 300,000t of sugar per year, while the demand is estimated at 590,000t per year, of which 420,000t is for direct domestic consumption and the remaining 170,000t is for industrial use.

However, the sugar production of Tanzania is expected to increase to 420,000t in the next 4 years, according to the government's plans.



https://www.tanzaniainvest.com/agriculture/new-sugar-factories-four-years

- **Projected Sugar Consumption**

  - Estimated Annual Per Capita Consumption- 11kg
  - Estimated Annual Growth in Population- 3%

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Estimated Population (Millions)	57.70	59.43	61.21	63.05	64.94	66.89	68.90	70.96	73.09
Estimated Demand for Sugar (000' Tons)	635	655	675	695	715	735	760	780	805

- **Demand and Supply Gap for Sugar**

There is a huge shortfall of supply of sugar in Tanzania. At current levels, there is a gap of about 250,000 tons of sugar in Tanzania, which includes 120,000 tons of sugar for

industrial use by beverages manufacturers. The demand sugar is expected to increase to almost 800,000 tons from 550,000 tons by the year 2025.

As per the available statistics, the Per Capita consumption of sugar in Tanzania is 11kg, whereas, it is 24kg in Kenya and 35kg in South Africa. It is likely to go up with the increase in per capita GDP. There is also the supply glut in the neighboring countries, where there is less opportunity for increasing the sugar production because of the lack of availability of suitable natural resources, like land, water etc. Considering all these factors, there is every likelihood of supply side pressure growing by each passing year for foreseeable future. Therefore, concerted effort is needed to increase the domestic output.

- **Market Prices**

At present, the factory price of sugar is approximately Tsh.2000 per Kg (including VAT),which is equivalent to approximately US$756 per ton of sugar (without VAT).

Although, the imported sugar prices are low, the Government is regulating the imports by issuing permits to import sugar, only to meet the shortfall and only to import during the periods when the mills are shut.

These prices are expected to stabilize at US$720 per ton with a positive bias in the foreseeable future.

14. SWOT ANALYSIS

Strength

- Promoters are having enough experience to execute the project.
- Implementing projects with new and latest technologies to generate efficient yields.
- Promoter's Group companies are having sound financial strength.
- Promoters are having robust experience in marketing, distribution and logistics chain.
- Availability of ample water resources nearby project site.

Weakness

- Low international prices.
- High Cost of Domestic production.

- Low cane yields for Out growers
- High Harvesting and Post harvesting losses.
- Promoters initiating new venture in Sugar sector.

Opportunities

- The demand for Sugar is quite high in Tanzania.
- Existence of less competition in this sector.

Threats

- Competition from existing companies on market price.
- Any adverse change in government policy in future.

15. PROJECT COST

Total investment of the project is estimated to be USD 191.59 Million spread over 3 phases of total 11 years. Cost of this project is estimated as follows:

TYPE OF EXPENSE/ASSET	TOTAL AMOUNT IN MILLION US DOLLAR			
	PHASE 1	PHASE 2	PHASE 3	TOTAL
FARM LAND	3.00	3.60	4.32	10.92
IRRIGATION EQUIPMENT & INFRASTRUCTURE	15.00	18.00	21.60	54.60
FIELD EQUIPMENT	8.00	9.60	11.52	29.12
FARM CIVIL WORKS	4.00	4.80	5.76	14.56
CIVIL WORKS-FACTORY	4.50	1.50	1.50	7.50
EQUIPMENTS INCLUDING ELECTRICAL INSTALLATION	18.00	6.00	6.00	30.00
COMMERCIAL VEHICLES	9.00	5.00	5.00	19.00
OTHER ASSETS	2.00	1.00	1.00	4.00
CONTINGENCIES	3.18	2.48	2.84	8.49
PRELIMINARY AND PREOPERATIVE EXPENSES	9.00	0.00	0.00	9.00
INTEREST DURING THE CONSTRUCTION PERIOD	4.40	0.00	0.00	4.40
TOTAL	80.08	51.98	59.54	191.59

Following is the list of Factory Machinery to be purchased for the project :

	FACTORY MACHINERIES AND EQUIPMENT						
	CANE MILLING PLANT	CLARIFICATION PLANT	EVAPORATION AND BOILING PLANT	COOLING, CURING AND GRADING PLANT	STEAM GENERATING PLANT	POWER GENERATING PLANT	MISCELLANEOUS
1	Cane Handling	Juice Heaters	Evaporators	Crystallizers	Boilers	Turbo Alternator Set	Bagasse Handling Equipment
2	Feeder Table	Juice Sulphiter	Syrup Sulphitation Units	Centrifugal Machines.		Diesel Sets	Workshop equipemnts like Lathe Machine, Truring Machine and Turning machine etc.,
3	Cane Choper	Sulphur Furnace	Syrup and Molasses Tanks	Sugar Melter		Power House Crane	Pipet, Burette, Spectrometer, Microscope, Brix meter, Polarimeter, Ph , EC, TDS meter, One small Mill with electrical driven etc.,
4	Cane Leveler	Air Compressors	Molasses conditoning unit	Grass Hoppers			ETP - Effluent treament plant unit
5	Fibrizer Fixed Hammer	Milk of Lime Preparatio	Vacuum Pans	Sugar Elevator			Cooling tower and water circulation arrangements
6	Cane Carrier.	Clarifier	Seed Crystallizers and Vacuum Crystallizers	Sugar Grader			Molasses storage tanks
7	Rake Carrier	Vacuum Filter	Condensers	Sugar Weighing Machine			Frseh water storgae tanks and Revers Osmosis plant
8	Mill		Injection Water	Molasses Weighing Scale			Sugar Bagging equipemnts
9	Cast iron grooved under feed Roller			Hot and Cold Water Service Tanks			Stakers and Conveyors for sugar bag handling
10	Rake Type Intermediate Carrier						Fire fighting equipemnts and hydrant
11	Mill Drive						80 Mt Capacity weighing scale with printer , display system
12	DSM Screen						
13	Belt Conveyor						
14	Bagasse Elevator						
15	Bagasse Carrier						
16	Return Bagasse Carrier						
17	Mill House Crane and Gantry						

Following is the list of Vehicles to be purchased for the project :

	VEHICLES				
	LAND DEVELOPMENT/ BUSH CLEARENCE EQUIPMENTS	FARM MACHINERIES WITH EQUIPEMENTS	ACCESSORIES	GENERAL UTILITIES	TRUCKS & TRAILERS
1	Dozer	TRACTOR- 380 HP-500 HP	DISC- 32"	Land crusier	TRUCKS & TRAILERS
2	Excavator	TRACTOR-110 & 180 HP	SLP Super 125 - 5 Tyne ripper	MUV vehicle	
3	Back Hoes	TRACTORS 90 HP	Heavy duty harrow- 9X 9 Offset	LUV vehicle	
4	Grader	TRACTOR WITH TRAILERS- 55 HP	Drip burrying machine	Double cabin Pick Up	
5	Dumber truck	CANE HARVESTOR	Covering machine with compact rolle	Single cabin Pick Up	
6	Water Bousers- 5000 lit, 10000 lit	INFIELD LOADER	Ridger- 3 way	Ambulance	
7	Fire engine- with 10,000 Lit tank cap.	CANE TRANSPORT TRUCK/TRACTOR	13 Tyne cultivator adjustable	Employee Pick up bus	
8	Wood chipper	BOOM SPRAYER-1000 LIT CAP			
9	Hydra	WATER BOWZER			
10	Front end loader	CRANE mobile			
11		SUGAR TRANSPORTATION TRUCKS- 30 MT SEMI TRAILER			
12		SUGAR TRANSPORTATION TRUCKS- 30 MT TRAILER			
13		SUGAR TRANSPORTATION FUSO - 8 MTS			

16. FINANCIAL PROJECTIONS

❖ Capacity Utilization and Total Area

Total production has been projected by assuming a yield of 100 Metric Tons (MT) of Sugar Cane per hectare in the total available land of 6000 hectares. The capacity utilization has been assumed to be scaled up to 100% at the end of the projection period.

The Sugar cane crushing capacity has been projected as 1500 MT p.a in Phase 1, 2500 MT p.a. in Phase 2 and 3500 MT p.a in Phase 3 respectively. It is projected that 10.50 Tons of Sugar cane would be required to produce 1 ton of Raw Sugar.

Out of the total yield, 70% has been assumed as Raw Sugar and 30% has been assumed as molasses which would go as by product.

❖ Mix and Price of bags

The mix of Raw Sugar and Molasses has been assumed as 70% and 30% respectively. The price of the Raw Sugar in Year 1- 2020 has been assumed as USD 720 per Ton and the price of the Molasses has been projected as USD 50 per Ton which are

expected to rise by 4% annually up to Year 6- 2025 , post which these are expected to remain constant.

❖ **Factory cost of Cane**

The expenses towards Factory Cost of crushing cane have been assumed to be variable and they increase at par with the total production. The total expenses with respect to Factory Cost of Cane have been assumed as USD 22.31 per Ton of Sugar in Year 1.

❖ **Fuel and Energy**

The expenses towards Fuel and Energy have been assumed to be variable and they increase at par with the total production. The total expenses with respect to Fuel & Energy have been assumed as USD 17.43 per Ton of Sugar in Year 1. These expenses are expected to rise by 2% annually up to Year 6- 2025 , post which these are expected to remain constant.

The below table shows the total Fuel and other supplementary Raw Materials Requirement for the entire Project :

REQUIREMENT	TOTAL (in Litres)
DIESEL	12,398,750
PETROL	391,500
ENGINE OIL	259,000
HYDROLIC OIL	175,000
LUBRICANT	112,500
TURBINE OIL	84,375
GREASE	64,000

❖ **Chemicals and Fertilizers**

The expenses towards chemicals and fertilizers have been assumed to be variable and they increase at par with the total production. The total expenses with respect to chemicals, fertilizers have been assumed as USD 4.11 per Ton of Sugar in Year 1. These expenses are expected to rise by 2% annually up to Year 6 - 2025, post which these are expected to remain constant.

❖ **Other Operating Expenses**

The following are the other operating expenses assumed per ton of Sugar in FY 2020.

S. No	Expenses	Amount in USD
1	Lubricants	0.30
2	Packing Materials	9.63
3	Mobile Heavy Equipment Cost	47.62
4	Factory maintenance cost	5.08

❖ **Administrative, Selling and Distribution Expenses**

The Administrative, Selling and Distribution expenses are assumed in to be 2.5% to turnover in FY 2020. These expenses are expected to increase in line with the turnover year on year.

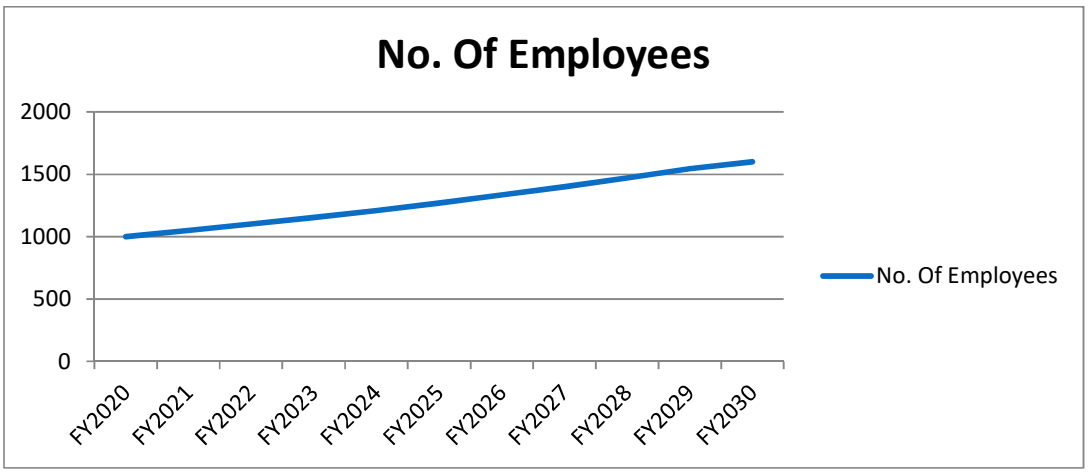
❖ **Employees**

Bagamoyo Sugar Limited will have an employee base of approximately 1000 in Year 2020 and it will be increased up to 1600 during the project period. (FY 2020 to FY 2030).

Below is the graph showing the employee strength of Bagamoyo during the projection period which includes skilled as well as unskilled employees.

Staff Salaries Cost is estimated to increase @ 10% every year.

Employee Strength:



❖ **DEPRECIATION**

Depreciation is calculated on a Straight line basis based on the following useful life of Assets:

Assumed Life Span	YEARS
IRRIGATION EQUIPMENT & INFRASTRUCTURE	25
FIELD EQUIPMENT	10
FARM CIVIL WORKS	20
CIVIL WORKS-FACTORY	20
EQUIPMENTS INCLUDING ELECTRICAL INSTALLATION	25
OTHER ASSETS	10

❖ **Share Capital**

The fund infusion from the Shareholders is assumed to be in three rounds. An amount of USD 66.59 million will be invested by the promoters during the projection period.

❖ **Term Loan**

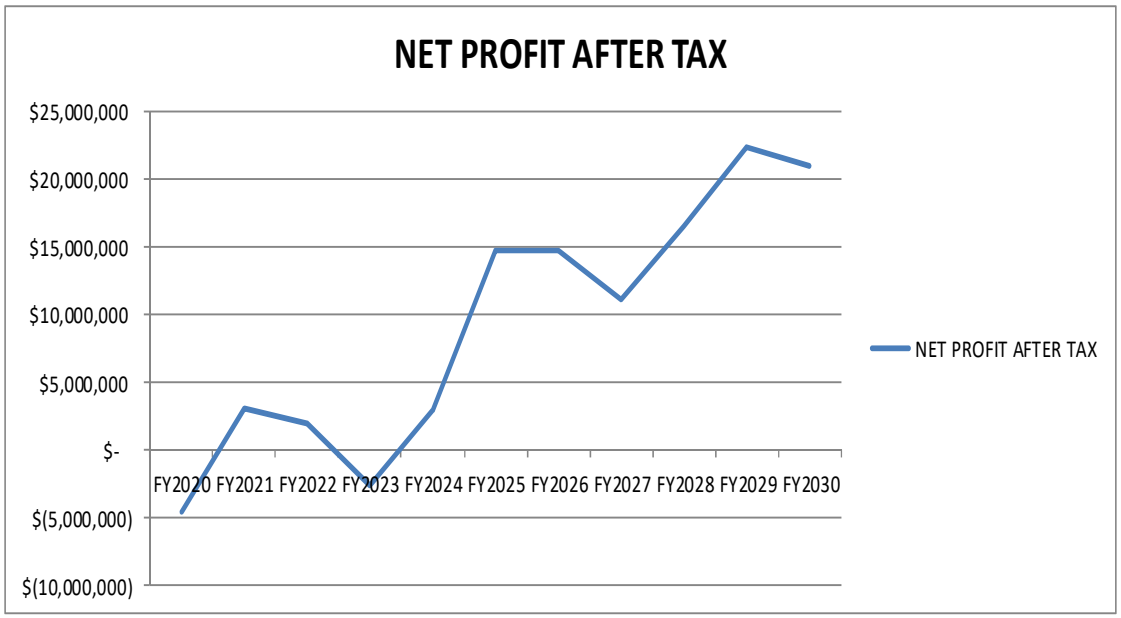
A Term Loan of USD 125 million will be taken for funding requirements of the project. Term loan facility is assumed to be obtained in 3 phases and this facility is assumed to be obtained for a period of 10 years each. Interest to be paid on term loan is assumed at 8.0 % per annum. The moratorium period for principal repayment has been assumed as three years during the projection period.

❖ **Working Capital Loan**

A working Capital Loan of USD 2.2 million would be obtained to fund the Working Capital Requirements of the Project. Working Capital loan facility is assumed to be obtained in phase 1and would increase gradually as per the Working Capital Requirement. Interest to be paid on working capital loan is assumed at 6.0 % per annum.

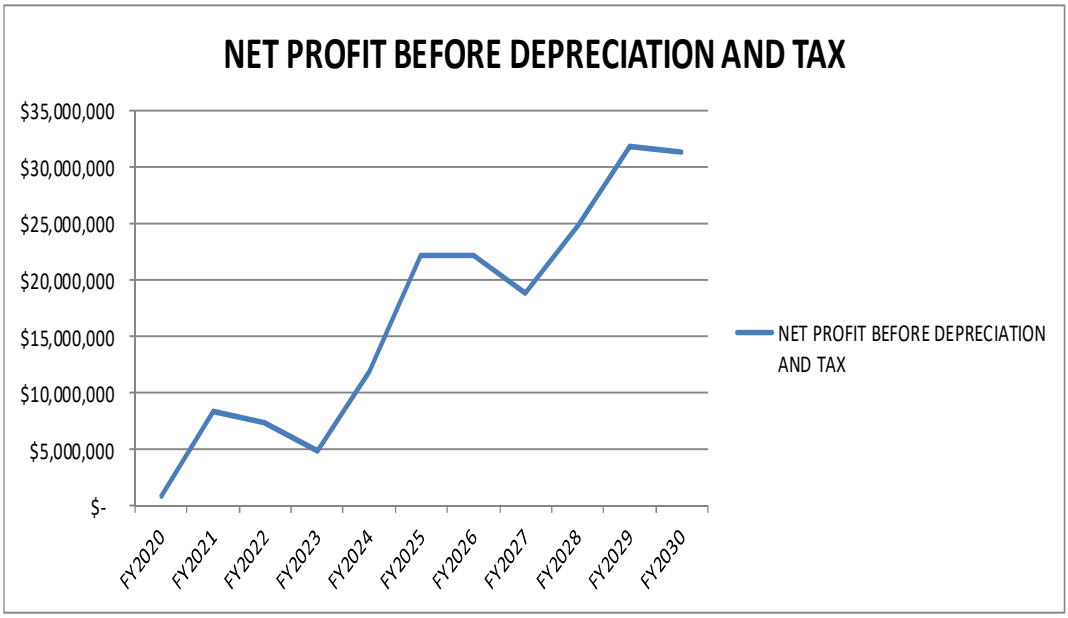
17. PROFIT AFTER TAXES

Profit after Taxes depicts an increasing trend as follows:



18. PROFIT BEFORE TAXES AND DEPRECIATION

Profit before Taxes and Depreciation shows an increasing trend up to approximate USD 31.28 million by the end of FY 2030.



19. PROJECTED PROFIT & LOSS ACCOUNT

Year	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
GROSS REVENUE	11,192,693	21,213,633	18,972,413	18,524,258	32,768,037	45,873,694	43,668,981	40,227,310	53,751,976	67,568,864	66,767,361
DIRECT COST											
FACTORY COST OF CANE	3,528,804	4,540,688	4,038,829	5,555,932	9,749,288	10,774,785	9,282,113	10,060,473	15,491,325	19,473,354	19,242,360
FERTILISERS & CHEMICALS FOR SUGAR PLAN	61,987	115,275	101,262	96,969	168,263	230,987	219,886	202,556	270,657	340,228	336,193
FUEL & ENERGY	262,594	488,339	428,975	410,788	712,814	978,530	931,501	858,087	1,146,581	1,441,308	1,424,211
LUBRICANTS	4,517	8,401	7,380	7,067	12,262	16,833	16,024	14,761	19,724	24,794	24,500
PACKING MATERIALS	144,989	269,632	236,855	226,813	393,574	540,286	514,320	473,785	633,074	795,805	786,365
FACTORY MOBILE HEAVY EQUIPMENT COST	717,345	1,334,027	1,171,860	1,122,175	1,947,239	2,673,112	2,544,641	2,344,091	3,132,189	3,937,315	3,890,610
FACTORY MAINTENANCE COST	76,589	142,431	125,116	119,812	207,902	285,401	271,685	250,273	334,416	420,377	415,390
TOTAL DIRECT COST	4,796,824	6,898,792	6,110,277	7,539,555	13,191,342	15,499,935	13,780,170	14,204,026	21,027,966	26,433,182	26,119,631
GROSS PROFIT	6,395,868	14,314,841	12,862,136	10,984,703	19,576,695	30,373,759	29,888,812	26,023,283	32,724,011	41,135,683	40,647,731
GROSS PROFIT MARGINS (%)	*57%*	*67%*	*68%*	*59%*	*60%*	*66%*	*68%*	*65%*	*61%*	*61%*	*61%*
INDIRECT COST											
STAFF COST	859,962	945,958	1,040,553	1,144,609	1,259,070	1,384,977	1,523,474	1,675,822	1,843,404	2,027,744	2,230,519
ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES	279,817	530,341	474,310	463,106	819,201	1,146,842	1,091,725	1,005,683	1,343,799	1,689,222	1,669,184
TOTAL INDIRECT COST	1,139,779	1,476,299	1,514,864	1,607,715	2,078,271	2,531,819	2,615,199	2,681,504	3,187,203	3,716,966	3,899,703
INTEREST COST	4,529,999	4,473,708	4,013,179	4,597,408	5,716,494	5,757,880	5,197,558	4,492,418	4,806,795	5,638,353	5,469,028
PROFIT BEFORE DEPRECIATION AND TAXES	726,091	8,364,834	7,334,093	4,779,579	11,781,930	22,084,060	22,076,055	18,849,361	24,730,013	31,780,363	31,279,000
DEPRECIATION	5,397,189	5,397,189	5,397,189	7,436,287	8,870,827	7,470,827	7,470,827	7,729,233	8,210,056	9,449,914	10,427,848
PROFIT BEFORE TAXES	(4,671,099)	2,967,644	1,936,904	(2,656,708)	2,911,104	14,613,233	14,605,228	11,120,128	16,519,957	22,330,449	20,851,152
TAX	0	0	0	0	0	0	0	0	0	0	0
PROFIT AFTER TAX	(4,671,099)	2,967,644	1,936,904	(2,656,708)	2,911,104	14,613,233	14,605,228	11,120,128	16,519,957	22,330,449	20,851,152

20. PROJECTED BALANCE SHEET

Year	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
EQUITY											
PROMOTER'S CONTRIBUTION	25,861,209	25,861,209	25,861,209	27,716,209	27,836,209	27,836,209	27,836,209	27,836,209	27,836,209	27,836,209	27,836,209
PROFIT & LOSS	(4,729,790)	(1,735,141)	315,405	(2,591,936)	(1,652,725)	4,076,714	10,551,887	16,267,005	26,321,537	41,180,082	56,894,904
LONG TERM LOAN	-	-	-	-	-	-	-	-	-	-	-
DUE AFTER ONE YEAR	49,500,000	44,000,000	38,500,000	68,000,000	77,500,000	67,000,000	56,500,000	46,000,000	47,500,000	45,000,000	38,000,000
DUE WITH IN A YEAR	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	7,000,000
CURRENT LIABILITIES											
WORKING CAPITAL LOAN	3,144,836	4,269,033	3,797,190	4,996,542	8,806,934	10,051,163	8,845,871	9,409,636	14,311,896	18,114,360	18,009,637
EXPENSES PAYABLE	91,701	143,835	135,532	136,428	207,265	271,397	272,131	267,000	347,108	433,122	446,449
DIVIDEND PAYABLE	-	-	-	-	1,408,817	8,594,158	9,712,759	8,572,678	15,081,797	22,287,818	23,572,233
TOTAL LIABILITIES	**79,367,955**	**78,038,937**	**74,109,335**	**103,757,243**	**119,606,500**	**128,329,640**	**124,218,857**	**118,852,527**	**141,898,547**	**165,351,591**	**171,759,431**
0	-	-	-	-	-	-	-	-	-	-	-
CURRENT ASSETS											
FIXED ASSETS	74,677,811	69,280,621	63,883,432	94,456,919	99,551,318	92,080,491	84,609,665	94,428,937	103,210,472	113,556,038	113,905,829
DEBTORS	466,362	888,151	798,137	783,030	1,391,781	1,957,795	1,947,569	1,874,809	2,617,862	3,438,866	3,550,988
INVENTORY	3,556,383	4,591,976	4,083,883	5,599,076	9,824,151	10,877,555	9,381,901	10,154,235	15,619,116	19,637,206	19,407,507
CASH AND BANK BALANCE	667,399	3,278,189	5,343,884	2,918,219	8,839,249	23,413,798	28,279,722	12,394,546	20,451,097	28,719,481	34,895,107
TOTAL ASSETS	**79,367,955**	**78,038,937**	**74,109,335**	**103,757,243**	**119,606,500**	**128,329,640**	**124,218,857**	**118,852,527**	**141,898,547**	**165,351,591**	**171,759,431**

21. PROJECTED CASH FLOW STATEMENT

Year	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
PROFIT/(LOSS) AS PER PROFIT & LOSS ACOUNT	(4,671,099)	2,967,644	1,936,904	(2,656,708)	2,911,104	14,613,233	14,605,228	11,120,128	16,519,957	22,330,449	20,851,152
ADD: DEPRECIATION	5,397,189	5,397,189	5,397,189	7,436,287	8,870,827	7,470,827	7,470,827	7,729,233	8,210,056	9,449,914	10,427,848
ADD: INTEREST PAYABLE	4,400,000	4,290,000	3,850,000	3,410,000	2,970,000	2,530,000	2,090,000	1,650,000	1,210,000	770,000	330,000
OPERATING CASH PROFIT	5,126,091	12,654,834	11,184,093	8,189,579	14,751,930	24,614,060	24,166,055	20,499,361	25,940,013	32,550,363	31,609,000
WORKING CAPITAL CHANGES											
(INCREASE) IN DEBTORS	(466,362)	(417,539)	93,384	18,673	(593,491)	(546,069)	91,863	143,403	(563,528)	(575,704)	33,396
(INCREASE) IN INVENTORY	(1,791,981)	(529,651)	257,164	(756,641)	(2,128,398)	(540,656)	751,275	(381,470)	(2,745,725)	(2,021,968)	117,292
INCREASE IN EXPENSES	91,701	52,028	(8,388)	807	70,455	63,634	(4,444)	(9,597)	69,642	71,694	4,736
INCREASE IN WORKING CAPITAL LOAN	2,166,642	895,162	(342,161)	737,162	2,651,433	1,023,091	(838,695)	247,664	3,239,611	2,525,978	(155,424)
CASH FROM OPERATIONS	5,126,091	12,654,834	11,184,093	8,189,579	14,751,930	24,614,060	24,166,055	20,499,361	25,940,013	32,550,363	31,609,000
LESS: INTEREST PAYMENT	4,400,000	4,290,000	3,850,000	3,410,000	2,970,000	2,530,000	2,090,000	1,650,000	1,210,000	770,000	330,000
ADDITIONS OF FIXED ASSETS (INCLUDING CWIP)	-	-	-	38,009,774	13,965,226	-	-	15,780,155	23,684,321	20,070,524	9,779,332
NET CASH FLOW FROM OPERATIONS	726,091	8,364,834	7,334,093	(33,230,195)	(2,183,295)	22,084,060	22,076,055	3,069,206	1,045,692	11,709,839	21,499,668
LESS:DIVIDEND	-	-	-	-	-	2,183,328	10,959,925	10,953,921	8,340,096	12,389,968	16,747,837
REPAYMENT OF LOAN	-	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000
ADDITIONAL SHAREHOLDERS CONTRIBUTION	-	-	-	12,355,000	4,620,000	-	-	-	1,472,100	981,400	-
ADDITIONAL LONG TERM LOAN	-	-	-	24,500,000	10,500,000	-	-	-	21,000,000	14,000,000	-
NET INCREASE/(DECREASE) IN CASH INFLOW	726,091	2,864,834	1,834,093	(1,875,195)	7,436,705	14,400,732	2,116,130	(16,884,716)	6,177,696	5,301,272	(4,248,169)
OPENING BALANCE	-	726,091	3,590,925	5,425,018	3,549,823	10,986,528	25,387,260	27,503,390	10,618,674	16,796,370	22,097,642
CLOSING BALANCE	726,091	3,590,925	5,425,018	3,549,823	10,986,528	25,387,260	27,503,390	10,618,674	16,796,370	22,097,642	17,849,472

22. RATIO ANALYSIS

RATIOS IN PERCENTAGE	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
GROSS PROFIT PERCENTAGE	57.14%	67.48%	67.79%	59.30%	59.74%	66.21%	68.44%	64.69%	60.88%	60.88%	60.88%
EBITDA MARGIN	46.96%	60.52%	59.81%	50.62%	53.40%	60.69%	62.46%	58.02%	54.95%	55.38%	55.04%
EBIT MARGIN	-1.26%	35.08%	31.36%	10.48%	26.33%	44.41%	45.35%	38.81%	39.68%	41.39%	39.42%
NET PROFIT MARGIN	-41.73%	13.99%	10.21%	-14.34%	8.88%	31.86%	33.45%	27.64%	30.73%	33.05%	31.23%
TOTAL FIXED COST PER ANNUM EXCLUDING DEPRECIATION	5,599,823	5,817,422	5,409,465	6,089,347	7,589,965	8,002,988	7,539,826	6,922,502	7,658,048	8,933,014	8,951,435
TOTAL CONTRIBUTION PER TON	419.94	516.39	538.78	489.46	512.80	591.78	611.92	578.05	543.67	543.67	543.67
CASH BREAK-EVEN POINT - TONNAGE	13,335	11,266	10,040	12,441	14,801	13,524	12,322	11,976	14,086	16,431	16,465
CASH BREAK-EVEN POINT - PERCENTAGE OF CAPACITY	49%	41%	37%	45%	54%	49%	45%	44%	51%	60%	60%
TOTAL FIXED COST PER ANNUM INCLUDING DEPRECIATION	10,997,012	11,214,611	10,806,654	13,525,634	16,460,791	15,473,815	15,010,652	14,651,735	15,868,104	18,382,928	19,379,282
BREAK-EVEN POINT - TONNAGE	26,187	21,717	20,058	27,634	32,100	26,148	24,531	25,347	29,187	33,813	35,646
BREAK-EVEN POINT - PERCENTAGE OF CAPACITY	95%	79%	73%	101%	117%	95%	89%	92%	106%	123%	130%
CASH PROFIT PER TON OF SUGAR	48.20	304.57	310.07	215.24	311.88	434.37	456.13	422.78	415.12	424.38	422.70
INTEREST COST PER TON OF SUGAR	300.72	162.89	169.67	207.04	151.32	113.25	107.39	100.76	80.69	75.29	73.91

Year	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
NET PROFIT AFTER TAX	**$ (4,671,099)**	**$ 2,967,644**	**$ 1,936,904**	**$ (2,656,708)**	**$ 2,911,104**	**$ 14,613,233**	**$ 14,605,228**	**$ 11,120,128**	**$ 16,519,957**	**$ 22,330,449**	**$ 20,851,152**

23. CONCLUSION

The Management is committed to set up the project of developing sugar cane plantation and setting up a green-field sugar plant at Bagamoyo district. The Promoters of the Company are renowned and reputed industrialist of the Company and having vita experience in the various sectors in Tanzania and nearby country. The Management is capable of sourcing fund and technologies required for implementation of the Project.

As described above in our submission that Project will provide benefits to the region and to the country in term of generating employment, substituting imports, savings in foreign exchange and reducing gap between demand and supply of sugar.

Based on experience and market presence, the Management is confident to achieve estimated results to justify investment in this project and viability of the Project.

We appreciate to provide Certificate of Incentive and status of Strategic Investor for this project and tax incentives and benefits in support of such noble project.