

INTRODUCTION

Lake Cement Limited (LCL), is a Company incorporated on 17.05.2006 in Tanzania. The company has been promoted by renowned and experienced business groups who have various business interests in Tanzania as well as in other countries.

The promoters of Lake Cement Limited are experienced business persons with over 40 years of experience in running highly successful manufacturing companies in Tanzania, Middle East, India and Europe.

Lake Cement Ltd. has already commissioned and started its first Cement Plant at Village Kimbiji, Dar es Salaam with a project cost of around USD 100 Million. This project is registered at TIC.

Presently the company is manufacturing and selling various grades of Cement since July, 2014. The company has successfully established its brand “NYATI” Cement within a very short period of time. The company has been able to spread its market locally as well as in the neighbouring countries. The products of the company are approved by TBS as well as by various public and private projects. The company presently produces around 600,000 MT p.a. of Portland cement.

Since start of the commercial production, the company is profit making and generating enough cash to meet its financial obligations as well as started to invest in the assets required for the future expansions. During the year ended on 31.03.2022, the total revenue of the company was around TSH 134 Billion with a net profit after tax of around TSH 30.5 Billion.

SHAREHOLDING AND MANAGEMENT:

The current shareholders of the company are:

1. Evette Investments Ltd., Mauritius:
This is an investment arm of Patel families who has various business interests in several countries spread over South Asia, Middle East, Europe, East Africa.
2. CMG Investments Ltd., Tanzania:
This is an investment arm of CMG Group, headed by Mr. C. M. Gachuma who is a leading businessman in Tanzania.

The current directors of the company are:

1. Vimal K. Patel
2. Kiran S. Patel
3. Kush V. Patel
4. Satish V. Poojary
5. Halidi A. Kiluvia
6. Chirag K. Patel

The company employs a highly motivated team of senior executives under various functional areas and cadres for its smooth operations.

SALIENT FEATURES AND CONTRIBUTIONS OF LAKE CEMENT LIMITED:

- Investment of USD 100 Million
- A 600,000 Tons annual production capacity integrated cement unit.
- Generating and Using power from its own 10 MW Captive Power Plant.
- Employment to 443 people by way of direct employment and 1,000 + people including indirect employment.
- The company has contributed to the Government exchequer as below:

(Tz in Million)

Financial Year Ended on	SDL	WCF	CSL	ROYALTY	VAT ON SALES	ML/PL RENT	STAMP DUTY	LAND RENT	PROPERTY TAX	CORP TAX (ADV)	TOTAL
Apr - Mar 2014-15	169	-	-	179	6,019	86	4	28	-	-	6,485
Apr - Mar 2015-16	209	32	397	326	17,455	104	3	27	-	-	18,552
Apr - Mar 2016-17	242	52	374	393	16,837	106	2	28	-	-	18,035
Apr - Mar 2017-18	247	55	447	440	15,595	104	5	28	15	-	16,937
Apr - Mar 2018-19	245	55	196	395	20,425	113	6	58	-	8,500	29,993
Apr - Mar 2019-20	245	55	196	395	20,507	113	6	58	-	8,500	30,075
Apr - Mar 2020-21	231	55	394	355	22,109	105	7	36	1	10,018	33,311
Apr - Mar 2021-22	276	46	404	491	22,679	52	6	15	-	14,798	38,767
Total	1,866	350	2,409	2,974	141,626	781	40	279	16	41,816	192,155

- Saving foreign exchange through cement availability 600,000 Tons which would have been otherwise imported.
- Providing a market for local raw materials like Coal, Iron, Clay and Gypsum.
- Promoting the transport industry in Tanzania through transporting our raw materials and cement. Daily movement of 90 trucks of 30 MT capacity.
- Infrastructure development of Tanzania.
- Helping in household income generation for villagers around the Factory by providing a market for their produce.

CSR projects done by Lake Cement Limited

1. We enjoy good relations with our neighbouring villages and the Kigamboni municipality, and engage in various CSR activities with the community.
2. Kigamboni Hospital – Provision of cement at heavily discounted rate for the construction of the Hospital.
3. Health Clinic - Provision of free electricity since past 4 years.
4. Secondary School - Two classrooms were built and donate to the Kimbiji Village Secondary School.
5. Girls Hostel - built and donate to the School.
6. Sponsoring Students – Sponsoring top performing students’ education
7. Laboratory Equipment – Contribution of Laboratory equipment to DIT.
8. Development of Roads – Contribution on yearly basis of Gravel and Culverts to Tanroads and Tarura.
9. Police Post – Renovation of the Kimbiji Village Police Post.
10. Football Ground – Preparation of Golani village football ground.
11. Parade Ground - Helped in the preparation of the Parade Ground for the National Service Leadership College (Military Training School).
12. Green Drive – Planted over 10,000 trees in a designated Green Belt on company property.
13. Bus Stand – Contributed by building part of the Gezaloule bus stand.

14. Other – Lake Cement provides development of the community by supporting elderly, orphans, health awareness, cleaning drives, seeds and fertilizers to farmers, sewing machines to women groups, tricycles to disabled etc. We also sponsor sporting events and games.
15. We also do CSR for various causes across Tanzania, details of which can be shared if required.

Lake Cement Limited leverages best-in-class technologies and extensive manufacturing experience to produce high quality cement – consistently and continuously.

We manufacture high quality 'Nyati Cement' by utilizing the latest equipment, best manufacturing practices and stringent quality controls.

The Nyati Cement brand embodies 'strength' and 'reliability'. These attributes have earned the trust of Engineers, Architects, Contractors, RMC manufacturers and Block Makers – for building homes, buildings and structures that define the new Tanzania.

PROPOSAL FOR THE OPC PROJECT & Expansion Project :

Currently the Company is embarking on a new investment project aimed at introducing a new product in the market known as Ordinary Portland Cement (OPC). This venture will make the Lake Cement to be the second cement manufacturing company producing OPC in Tanzania. **A total of USD 36.50 Million (OPC USD \$ 26.5 Million & Expansion USD \$ 10 Million) is expected to be incurred under this project.**

The project's main deliverables and objective is to increase cement production by capitalizing on the growing cement demand and the strength of the company's popular NYATI brand.

Overview of manufacturing process and special features of the "OPC PROJECT"

Lake Cement Limited is an integrated cement manufacturing plant which has introduced latest state-of-the-art technology in Tanzania. The plant is highly automated and runs on a 24x7 basis. There is high technology quality control system in place to produce consistently high-quality cement. We are now going to add capacity for production of multiple grades of cement including OPC which is high strength cement currently manufactured only by one company in Tanzania.

The main raw materials required are:

1. Limestone
2. Clay
3. Sand
4. Iron ore
5. Coal

All the above ingredients are sourced locally within Tanzania. We are sourcing the raw materials for Sl. No. 1,2 & 3 from our own quarries. Item 4 & 5 are purchased from local mining companies.

Limestone quarry Operations:

The limestone is extracted from the quarry by a special machine called Surface miner which is a very unique technology introduced for the first time in Tanzania by Lake Cement. This eliminates drilling and blasting and as a result there is minimum pollution, no vibration and sound. Therefore, our operations are very environment friendly.

We will be adding a new surface miner for the additional limestone requirement at full capacity.

Raw material Preparation:

The limestone and clay that is extracted from our quarries is crushed to the required size and stored in an intermediate storage shed. From this shed it is transported through conveyor system to the Raw mill. The raw material is ground to fine powder which is called Raw Meal.

At this stage we are introducing the high efficiency Reclaimer which will assist in better homogeneity of raw meal and improved quality control. We are also going to upgrade our Vertical Roller Mill to higher capacity to meet the higher raw material requirement.

Pyro-Processing:

In this section the conversion of raw material is done to clinker which is the main intermediate product. It is achieved by calcination of lime at a high temperature of 900-1400 Deg C. The raw meal is pre-heated in the Pre-heater cyclones by cross flow of gas from bottom to top and raw meal from top to bottom. The material reaches approximately 900 Deg C at the inlet of the Rotary Kiln. Inside the rotary kiln the full calcination is achieved at a temperature of between 1350-1400 Deg C. It then cooled rapidly inside a cooler to form clinker. The clinker is then stored in a storage silo. Here we are replacing the Kiln and Cooler with high efficiency equipment that will reduce our coal consumption by about 8% for each ton of clinker produced, thereby reducing the carbon footprint.

The new Kiln and Cooler systems will contribute to reduction in thermal energy consumption from present level of 790 Kcal/KG of clinker production to about 730 Kcal/Kg. This will reduce our coal consumption by about 3500 Tons per year.

In addition to above we are investing in updated technology to reduce our dust emissions to meet European standards. After this project our main stack emission will be below 35 mg/M3 of gas handled. This will be a great contribution to the neighbouring community. The overall power consumption will also get reduced by about 5 KWH/ Ton of cement which will further contribute towards reducing the carbon footprint.

Cement Grinding:

The Clinker is extracted from the silo and fed into a Ball mill which grinds the clinker along with Gypsum and other additives to form the final product, that is, cement. The quantity of additives varies according to the grade of cement being manufactured. The fineness is controlled by a high efficiency classifier which separates the coarse from fine material and sends only the fine material to final product. The final product is stored in different silos as per grade.

At this stage we will be installing the new OPC mill which will add capacity by about 400,000 Tons of cement per year.

Packing and Loading:

This is the last stage of the process in which the cement is packed into bags and loaded on trucks for dispatch. The cement is extracted from silo and screened before it enters into an electronically controlled Rot-Packer machine. This has a high accuracy electronic weighing system which weighs each bag while it being filled and accurately fills according to set point of 50 KG. The bags are then transported to a semi-automatic loading machine which stacks the bag on the trucks. Once the truck is fully loaded the weighment is done at our Weigh Bridges and the truck is allowed to proceed out of the plant. There is facility for bulk loading of cement for large project customers.

At this stage we will add another Packer machine to enhance of cement dispatch capacity to 1,000,000 Tons per year.

Summary:

After this project is implemented, Lake Cement will have annual cement manufacturing capacity of more than **one million tons of cement per year which will further augment the revenue growth of Tanzania**. Also, the introduction of OPC Cement as a new product will create a healthy competitive atmosphere in the industry.

Investment in Equipment and Machinery

- In implementing the OPC project various equipment and machinery will be installed.
- New kiln of 3.6 Meter diameter x 48 Meter long along with a new highly efficient cooler to produce Clinker will be installed - required for OPC Cement as well as other Cement products manufactured by the company.
- The project shall see the installation of a new cement mill (50 TPH), a new bridge type stacker, mmd type crusher, material handling conveyors, OPC Silo, packing plant modification to the VRM and Pyro sections. The new coal mill (16 TPH) will also be installed and the existing coal milling line will also be re-designed to enable manufacturing of OPC. The technology used in the milling line is high precision modern automated technology with very minimal human intervention.
- Machinery and Equipment's along with Consumables and Lubricants are expected to be procured in implementation of the project. Summary for the Investment is given below:

INVESTMENTS	
Particulars	USD Million
Land & Building	2.68
Plant, Machineries and Structure	30.84
Furniture & Fixtures	0.02
Preliminary Expenses	0.31
Engineering Consultancy	0.99
Others	1.56
TOTAL	36.39

The Outcomes of the OPC project are as follows:

1. Increase in Production of 400,000 OPC grade cement annually.
2. Increase of overall annual production from the current capacity of 600,000 tons to 1,100,000 tons. (OPC + Expansion)
3. Completion of the OPC project will make the cumulative capital invested by Lake Cement to reach USD 137 million. The OPC project itself will involve capital injection of USD 36.6 million (OPC + Expansion).
4. Implementation of the OPC project will create direct and indirect benefits to the Tanzanian economy Employment opportunities: The OPC project will increase the current number of

jobs to 1,000 (450 direct jobs and 550 indirect jobs) by year 2025. Furthermore, a total of 400 temporary jobs are expected to be created during implementation of the project.

5. Lake cement will become the second producer of OPC cement in Tanzania, creating a healthy competitive environment in terms of prices and product availability.
6. Corporate income taxes are likely to increase from the current TZS 11.50 billion annually to TZS 17.17 billion annually by year 2028.
7. The Company's annual revenue will increase at a steady state from the current TZS 134 billion to TZS 211 billion.
8. The project will enable to export this high strength OPC cement to Rwanda, Burundi and Congo where currently there is availability constraints.
9. The project utilizes 100% Raw Materials and Packaging materials from local sources, Coal, Iron Ore, Gypsum and Packing Bags. Only some Spares and Consumables are imported which are not available in Tanzania.
10. The OPC project will make Lake Cement Limited the most efficient cement producing company in East Africa in terms of Investment/ton of cement and lowest carbon footprint/ton of clinker in East Africa.
11. TZS 240 million in insurance policies (in addition to the existing TZS 600 million) to be underwritten by local insurance companies.
12. TZS 22 billion will be borrowed from Tanzanian Banks and TZS 50 billion for the OPC Project. (OPC + Expansion).
13. TPDC is projected to earn more than USD 10 million annually for supply of piped gas
14. Skills Transfer is fundamental and forms part of the OPC project readiness strategy.
15. Introduction of modern technology into the country hence supporting the technology transfer agenda of the Nation, aimed at fostering industrialization in the country.
16. Positive impact to the Tanzanian economy from the multiplier effects of the OPC project.

LAKE CEMENT LIMITED – OPC PROJECT & EXPANSION PROJECT

i. Profit and Loss Projections ('000 USD)

Particulars	Yr 1(22-23)	Yr 02	Yr 03	Yr 04	Yr 05	Yr 06	Yr 07	Yr 08	Yr 09	Yr 10
Cement Capacity Qty (MT) Exising	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000
Cement Capacity Qty (MT) with OPC	660,000	640,000	870,000	940,000	940,000	940,000	940,000	940,000	940,000	940,000
Cement Capacity Qty (MT) with Expansion	660,000	800,000	950,000	1,000,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Cement Sales Qty (MT)	660,000	800,000	950,000	1,000,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Sales Realisation @ \$ / MT	86	86	82	82	82	85	85	85	85	85
Total Sales Realisation	56,760.00	68,800.00	77,900.00	82,000.00	86,100.00	89,250.00	89,250.00	89,250.00	89,250.00	89,250.00
Coal Consumption	15,109.87	17,887.40	18,002.79	18,950.31	19,897.82	19,897.82	19,897.82	19,897.82	19,897.82	19,897.82
Power Cost - Supply from Tanesco	897.84	1,451.06	3,446.26	3,627.64	3,809.02	3,809.02	3,809.02	3,809.02	3,809.02	3,809.02
Mining material Cost (Limestone etc..)	3,229.60	3,914.67	4,648.67	4,893.33	5,138.00	5,138.00	5,138.00	5,138.00	5,138.00	5,138.00
Gypsum	1,336.50	1,620.00	1,923.75	2,025.00	2,126.25	2,126.25	2,126.25	2,126.25	2,126.25	2,126.25
Iron Ore	703.56	852.80	1,012.70	1,066.00	1,119.30	1,119.30	1,119.30	1,119.30	1,119.30	1,119.30
Packing Materials	3,300.00	4,000.00	4,750.00	5,000.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00
Stores, Spares & Consumables	6,600.00	8,000.00	7,600.00	8,000.00	8,400.00	8,400.00	8,400.00	8,400.00	8,400.00	8,400.00
Diesel Cost	1,650.00	2,000.00	2,375.00	2,500.00	2,625.00	2,625.00	2,625.00	2,625.00	2,625.00	2,625.00
Factory Exp & Others	900.00	945.00	1,039.50	1,091.48	1,146.05	1,203.35	1,263.52	1,326.69	1,393.03	1,462.68
Salary,Wages & Contract Labour	3,600.00	3,780.00	4,158.00	4,365.90	4,584.20	4,813.40	5,054.07	5,306.78	5,572.12	5,850.72
Selling and Admn Expenses	2,400.00	2,520.00	2,772.00	2,910.60	3,056.13	3,208.94	3,369.38	3,537.85	3,714.75	3,900.48
Interest on WC	1,080.00	1,080.00	1,080.00	1,080.00	720.00	720.00	720.00	720.00	720.00	720.00
Interest on Term Loan	350.00	1,400.00	1,890.00	1,470.00	1,050.00	630.00	210.00	-	-	-
Total (B)	41,157.37	49,450.93	54,698.66	56,980.25	58,921.77	58,941.09	58,982.37	59,256.72	59,765.28	60,299.28
Cash Profit (A-B)	18,602.63	19,349.07	23,201.34	25,019.75	27,178.23	30,308.91	30,267.63	29,993.28	29,484.72	28,950.72
Depreciation	3,301.81	3,301.81	5,368.68	5,099.77	5,099.77	5,099.77	5,099.77	4,799.77	4,799.77	4,799.77
Current Tax Paid	4,811.23	5,137.70	3,680.26	4,973.88	6,344.02	7,818.90	8,161.64	8,300.63	8,280.64	8,197.76
Deferred Tax Provision	(220.98)	(323.52)	1,669.54	1,002.11	279.52	(256.16)	(611.28)	(742.58)	(875.16)	(952.47)
Corporate Tax	4,590.25	4,814.18	5,349.80	5,975.99	6,623.54	7,562.74	7,550.36	7,558.05	7,405.48	7,245.29
Net Profit	10,710.57	11,233.08	12,482.86	13,943.99	15,454.92	17,646.40	17,617.50	17,635.46	17,279.47	16,905.66
	20,032.63	21,829.07	26,171.34	27,569.75	28,948.23	31,658.91	31,197.63	30,713.28	30,204.72	29,670.72

LAKE CEMENT LIMITED – OPC PROJECT & EXPANSION PROJECT

ii. Projected Balance Sheet ('000 USD)

Particulars	Yr 1(22-23)	Yr 02	Yr 03	Yr 04	Yr 05	Yr 06	Yr 07	Yr 08	Yr 09	Yr 10
Shareholders' Funds	16,551.55	16,551.55	16,551.55	16,551.55	16,551.55	16,551.55	16,551.55	16,551.55	16,551.55	16,551.55
Retained Earnings	31,604.42	32,837.50	35,320.36	39,264.34	44,719.27	50,365.67	55,983.17	61,618.63	66,898.10	71,803.76
Deferred Tax Liability	9,221.08	8,897.56	10,567.10	11,569.21	11,848.73	11,592.57	10,981.29	10,238.71	9,363.55	8,411.08
Secured Long Term Loan	10,000.00	30,000.00	24,000.00	18,000.00	12,000.00	6,000.00	-	-	-	-
Current Liabilities										
Bank Overdrafts	12,000.00	12,000.00	12,000.00	12,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00
Trade & Other Payables	5,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00
Total	84,377.04	107,286.61	105,439.00	104,385.10	100,119.54	99,509.79	98,516.01	103,408.89	107,813.19	111,766.39
Fixed Assets - Gross	81,350.14	93,850.14	118,734.95	120,734.95	121,234.95	121,734.95	122,234.95	122,734.95	123,234.95	123,734.95
Additions incl. CWIP	12,500.00	24,884.81	2,000.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00
Less : Dep	29,642.60	32,944.41	38,313.09	43,412.86	48,512.63	53,612.40	58,712.17	63,511.94	68,311.71	73,111.48
Net Fixed Assets	64,207.53	85,790.53	82,421.85	77,822.08	73,222.31	68,622.54	64,022.77	59,723.00	55,423.23	51,123.46
Current Assets										
Stock In Hand	7,908.03	8,851.42	9,373.61	9,577.48	9,781.36	9,781.36	9,781.36	9,781.36	9,781.36	9,781.36
Trade Receivables	5,581.40	6,765.33	7,660.17	8,063.33	8,466.50	8,776.25	8,776.25	8,776.25	8,776.25	8,776.25
Other Advances and Deposits	2,000.00	2,000.00	1,266.67	1,333.33	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00
Cash & Bank Balance	4,680.08	3,879.32	4,716.70	7,588.87	7,249.37	10,929.63	14,535.62	23,728.27	32,432.35	40,685.31
Total	84,377.04	107,286.61	105,439.00	104,385.10	100,119.54	99,509.79	98,516.01	103,408.89	107,813.19	111,766.39

iii. Projected Cash Flows ('000 USD)

Particulars	Yr 1(22-23)	Yr 02	Yr 03	Yr 04	Yr 05	Yr 06	Yr 07	Yr 08	Yr 09	Yr 10
<i>OP. CASH & CURRENT BALANCES</i>	3,000.00	4,680.08	3,879.32	4,716.70	7,588.87	7,249.37	10,929.63	14,535.62	23,728.27	32,432.35
<i>CASH PROFIT</i>	18,602.63	19,349.07	23,201.34	25,019.75	27,178.23	30,308.91	30,267.63	29,993.28	29,484.72	28,950.72
Less : Corporate Tax Paid	(4,811.23)	(5,137.70)	(3,680.26)	(4,973.88)	(6,344.02)	(7,818.90)	(8,161.64)	(8,300.63)	(8,280.64)	(8,197.76)
Total Available Funds	16,791.40	18,891.45	23,400.39	24,762.57	28,423.08	29,739.38	33,035.62	36,228.27	44,932.35	53,185.31
SOURCE / (UTILISATION)										
Dividend to Shareholders	(8,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(12,000.00)	(12,000.00)	(12,000.00)	(12,000.00)	(12,000.00)
Secured Long Term Loan	10,000.00	20,000.00	(6,000.00)	(6,000.00)	(6,000.00)	(6,000.00)	(6,000.00)	-	-	-
Trade & Other Payables	-	2,000.00	-	-	-	-	-	-	-	-
Bank Overdraft	3,000.00	-	-	-	(4,000.00)	-	-	-	-	-
Fixed Assets	(12,500.00)	(24,884.81)	(2,000.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)
Current Assets :										
Stock In Hand	91.97	(943.39)	(522.19)	(203.87)	(203.88)	-	-	-	-	-
Trade Receivables	(4,081.40)	(1,183.93)	(894.83)	(403.17)	(403.17)	(309.75)	-	-	-	-
Other Advances and Deposits	(621.89)	-	733.33	(66.67)	(66.67)	-	-	-	-	-
NET SOURCE / (UTILISATION)	(12,111.32)	(15,012.13)	(18,683.69)	(17,173.70)	(21,173.71)	(18,809.75)	(18,500.00)	(12,500.00)	(12,500.00)	(12,500.00)
CL. CASH & CURRENT BALANCE	4,680.08	3,879.32	4,716.70	7,588.87	7,249.37	10,929.63	14,535.62	23,728.27	32,432.35	40,685.31

The Payback period of the project is around 6 years.

