



**KIOO LIMITED**

**INCORPORATED IN TANZANIA**

***GLASS CONTAINER MANUFACTURERS***

**P.O. Box 9273**

**DAR ES SALAAM**

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**PROJECT PROGRESS REPORT**

**FOR**

**AS AT 31ST OCTOBER 2024**

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## **1.0 Introduction**

KIOO Ltd is a Glass manufacturing company located in Dar es Salaam, along Chang'ombe Industrial area. The company was established in 1963 with the aim of manufacturing glass containers. Since 1965 the company has constantly and at regular intervals upgraded the capacity of manufacturing glass from 7200 tonnes per annum to 86,020 Tonnes of glass per annum which meets the entire demand of glass package for Tanzania. Also the Company is exporting about 70% of its product to East and central Africa, Southern and Western Africa and Indian Ocean Island countries.

Major Customers of KIOO Ltd include companies like Coca Cola, Pepsi, ABInbev, Heineken and Diageo just to mention a few.

The Company secured certificate of investment from Tanzania Investment Centre (TIC)

## **2.0 Panned activities for the period**

KIOO LIMITED planned to implement the project in phases phase I and II and part of phase III of improvement programme as follows:

- Build additional furnace (K2) with the capacity of producing 47000 tonnes of glass per annum. Enhance production of existing (K1) furnace.
- Glass forming machines and state of the art online inspection equipment
- Build additional warehouses within the Company premises for raw material and finished goods
- Complete sand processing plant and installation at Vianzi mines
- Tipper trucks for raw material transport and movement
- Wheel loaders and tractor to improve shifting of finished products and raw material
- Installation of power plant to generate electricity for own use capacity 5.3MW.
- Purchase 20 trucks with trailers for meeting the transport requirement to customer within the land locked countries.

### 3.0 Achievements made on the project implementation to date

#### PROJECT FINANCIAL EXPENDITURE PHASE I AND II

| <b>Application</b>       | <b>USD</b>           |
|--------------------------|----------------------|
| Building structure       | 3,391,445.00         |
| Plant and Machinery      | 26,185,356.00        |
| Furniture and equipment  | 92,111.00            |
| Transport/Heavy vehicle  | 2,659,980.00         |
| Capital work in progress | 9,911,261.00         |
| <b>TOTAL</b>             | <b>42,240,153.00</b> |

### 3.1 SALES FROM 2012 TO SEPTEMBER 2024

| <b>Year</b> | <b>Exports</b> | <b>Local</b> | <b>Total (Tons)</b> |
|-------------|----------------|--------------|---------------------|
| 2012        | 33,816         | 37,687       | 71,503              |
| 2013        | 52,234         | 31,158       | 83,392              |
| 2014        | 64,264         | 26,348       | 90,612              |
| 2015        | 60,992         | 26,846       | 87,838              |
| 2016        | 52,939         | 32,199       | 85,138              |
| 2017        | 41,549         | 51,193       | 92,742              |
| 2018        | 23,188         | 32,044       | 55,232              |
| 2019        | 64,264         | 26,348       | 90,612              |
| 2020        | 64,264         | 26,348       | 90,612              |
| 2021        | 64,264         | 26,348       | 90,612              |
| 2022        | 64,264         | 26,348       | 90,612              |

The market in the East Africa and the Sub-Sahara Region is ever-growing as consumers prefer glass packaging to plastic and cans since they are becoming more health and environment conscious because of glass being the product which is environmentally friendly. Also glass especially returnable glass is the cheapest packing alternative.

### 3.2 PRODUCTION FROM 2012 TO 2023

| Year | Tonnes |
|------|--------|
| 2012 | 77,720 |
| 2013 | 81,867 |
| 2014 | 84,670 |
| 2015 | 86,740 |
| 2016 | 86,019 |
| 2017 | 93,027 |
| 2018 | 57,124 |
| 2019 | 86740  |
| 2020 | 86740  |
| 2021 | 86740  |
| 2022 | 86740  |
| 2023 | 86740  |

In order to meet the stringent quality and standard of products demanded by our customers the Company has successfully implemented part of the requirement by installation of inspection machines and training of its employees the completion of the other part, that is improvement in the packaging equipment, is planned under phase III.

### 4.0 Provide updated information on the following aspects:

| S/N | Information               | Description   | Current Project Status   |             |          |
|-----|---------------------------|---|--|-------------|----------|
| 1   | Shareholder's Information | Current Shareholders names, nationality and percentage of ownership | Name   | Nationality | Shares % |
|     |                           |   | 1. African Developments Limited  | British     | 99.99994 |
|     |                           |   | 2 Kamlesh Manubhai Madvani   | British     | 0.00002  |
|     |                           |   | 5 Shrai M Madhvani   | British     | 0.00002  |
|     | Company communication     | Email address<br>Mobile Number                                      | Email: <a href="mailto:dp@kioglass.com">dp@kioglass.com</a> / <a href="mailto:kioo@kioglass.com">kioo@kioglass.com</a><br>Mob: +255784780240/ +255 22 286 0190-4 |             |          |

|   |                        |  |   |
|---|------------------------|--|---|
|   | on<br>Information      | Land Line<br>Telephone<br>Number<br>Physical Address<br>(Plot No. Block<br>No. Street,<br>District and<br>Region | Kioo Limited · Plot No 180, Saza Road, Chang'ombe,<br>Industrial Area, P.O. Box 9273, · ·<br>www.kiooglass.com.     |
| 3 | Contact<br>Person      | Name<br>Position<br>Communication<br>details (Email,<br>Mobile and<br>telephone                                  | Nafta M.Nsemwa<br>Director<br>Email: dp@kiooglass.com/ kioo@kiooglass.com<br>Mob: +255784780240/ +255 22 286 0190-4 |
| 4 | Incorporatio<br>n      | Certificate of<br>Incorporation<br>Number  | 3140  |
| 5 | TIN<br>Information     | TIN Certificate<br>No.   | 100-102-943   |
| 6 | Project<br>Objective   | Project Core<br>Activity   | Glass package materials manufacturing   |
| 7 | Capacity               | Project capacity<br>per year   | 86740tons per year  |
| 8 | Direct<br>Employment   | Foreign Men<br><br>Foreign Women<br><br>Local Men<br><br>Local Women   | 44<br><br>0<br><br>494<br><br>82  |
| 9 | Indirect<br>employment | Type/areas of<br>Indirect<br>employment  | drivers, vendors, food suppliers, technicians etc.  |

## 5.0 Localisation

The company has entered into an agreement with VETA for training its technical employees in various fields of Engineering to bring them to the standard of

taking over positions currently occupied by expatriates. The process is ongoing and the results are encouraging.

The company has also sponsored its local employees (Technical) for further training overseas to improve their skills to enable them handle the sophisticated equipment in the plant.

Kioo Ltd was awarded a certificate by TUICO as the best employer in the region during the year 2017. We were also awarded the President's Award for the best Manufacturer of the year in the 2nd place. Kioo Ltd was awarded with OSHA Manufacturer of the year 2018.

## 6.0 Project Financing Expenditure to date (USD)

| Sources                   | USD                     |
|---------------------------|-------------------------|
| Own generation            | \$ 9,247,494.00         |
| Bank Borrowing            | \$ 14,280,000.00        |
| Shareholders contribution | \$ 5,000,000.00         |
| Suppliers credit          | \$ 13,712,659.00        |
| <b>TOTAL</b>              | <b>\$ 42,240,153.00</b> |

## 7.0 Future Plan

The capital expenditure planned under phase III will enable the company meet the required quality standards after the installation of online inspection equipment and the packaging system on K1 furnace.

The erection of K3 furnace and expansion of K1 and K2 furnace will further increase the capacity of production and also will enable the company meet the requirement of green glass and spirit bottles due to banning of plastic sachets in the country.

## 8.0 Activities planned under Phase III

- Installation of Automatic packing equipment – ***Commissioned Partly, expected to be completed by October 2025***
- Inspection machines - ***Commissioned Partly***

- Expansion and rebuild of K2 Furnace – ***K 1 – Aug/Oct 2018; K 2 – 2<sup>nd</sup> Half 2025***
- Glass forming machines up grades - ***Partly Completed***
- Purchase of additional 20 trucks and trailers - ***Completed***
- Installation of additional Gas Genset to make total capacity of 8MW- ***Partly Completed***
- Installation of NNPB technology for Light Weight Bottles - ***Partly Completed***
- Expansion, Designing and Rebuild of K1 Furnace to minimise NOx level and improve energy efficiency. - ***Rebuild in Progress***
- Expansion and Modification of Warehouses. - ***In Process***
- Sand Plant upgrade at Vianzy for improved sizing and qualify. - ***In Process***

### 8.1 REMAINING PROJECT FINANCING FOR PHASE III

| <b>Sources</b>            | <b>USD</b>              |
|---------------------------|-------------------------|
| Own generation            | \$ 6,351,000.00         |
| Bank Borrowing            | \$ 23,850,000.00        |
| Shareholders contribution | -                       |
| Supplier credit           | -                       |
| <b>TOTAL</b>              | <b>\$ 30,201,000.00</b> |

| <b>Application</b>       | <b>USD</b>              |
|--------------------------|-------------------------|
| Building structure       | \$ 1,650,000.00         |
| Plant and Machinery      | \$ 25,001,000.00        |
| Furniture and equipment  | -                       |
| Transport/Heavy vehicle  | \$ 3,550,000.00         |
| Capital work in progress | -                       |
| <b>TOTAL</b>             | <b>\$ 30,201,000.00</b> |

## **9.0 Specialist Services Agreement**

The company has an ongoing agreement with M/s Turner Associates Ltd. They provide special services for the improvement of Technology and also provide advisory and technical expertise to improve the company functions and project implementation, and its various activities and also impart training to its employees in various fields.

The Export potential is ever-growing in the region and this will increase our foreign exchange earnings. It will increase direct and indirect employment.

The market is expanding with the banning of viroba as a package glass is preferred as an alternate to many who are now changing from plastic to glass.

The expansion is unavoidable to meet the demand and also introduction and development of alternate packaging to replace plastics.

## **10.0 Problems and Solutions**

Explain problems, which the management is encountering in executing the project and the steps being taken to solve them

- Land acquisition process is too long and very costing
- Inconsistency in water, power availability
- Difficulties in obtaining fiscal incentives
- Difficulty in obtaining suitable industrial plot

The management is planning to request some of the challenges to be resolved the Government, and the one within the management have been resolved

## **11.0. Future Plans**

To expand production of packing glasses materials

## **12.0 Recommendations and any other comments**

- The Government should set aside dedicated land for industrial parks and investors be allocated at reduced cost
- The Government should provide basic infrastructure to facilitate accessibility to industrial park

- The Government should put very friendly policy, laws, guidelines etc. with specific fiscal and non-fiscal incentives in order to attract investors to develop industrial parks













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