

# **Tanzania Sulphur Company Limited**

## **BUSINESS PLAN FOR ESTABLISHING SULPHUR GRINDING PLANT IN MTHWARA**

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## **1. PROJECT BRIEF**

### **1.1. Project Concept**

The project outlined in this document is a proposal by Tanzania Sulphur Company Limited, a locally registered company holding a certificate of Incorporation **No. 131017** dated 9<sup>th</sup> November 2016). The Company operates in the manufacture of pesticides and other agrochemical products, also aims to establish a Sulphur Grinding Plant in Mtwara, Tanzania. The plant will process raw sulphur into Finely Ground Sulfur Powder, primarily for use in the agricultural sector, especially in cashew nut farming and food crops.

The company's shareholders and management will raise financing for the project through a mix of equity financing and long-term loans from Tanzanian financial institutions to fund the project.

This document will be used as a guiding tool and will be presented to Tanzania Investment and Special Economic Zones Authority (TISEZA) in order to obtain a Certificate of Incentives and Derivative Right to facilitate smooth implementation of the project.

### **1.2. Location**

The Sulphur Grinding Plant will be constructed on a strategically located industrial plot in Pemba Mvita Mtwara, near the port, ensuring efficient transport of raw sulphur imports which is the main production input. The location is also ideal due to proximity to target markets which are the cashew nut growers.

### **1.3. The Project Sponsor**

The project is sponsored by Tanzania Sulphur Company Limited which has the following shareholders:

No.	Shareholder	Nationality	% Ownership
1.	RAOUF AHMED RAGAEI BAKRY	Egyptian	90%
2.	CHERINE MOHAMED SAMIR MOHAMED ELSAYED	Egyptian	10%

### **1.4. Project Management and Operations**

Daily operations of Tanzania Sulphur Company Limited are led by the Managing Director assisted by a team of head of departments that oversee Production, Quality Assurance, Maintenance, Procurement, Finance, and Human Resources. During construction. The company will have a total of 20 contracted staff and during the construction phase the project will create a total of 200 jobs. More than 300 indirect jobs will be created when the project is operational.

### **1.5. Project Description**

Tanzania Sulphur Company Limited plans to establish a state-of-the-art Sulphur Grinding Plant in Pemba Mvita, Mtwara, Tanzania, to produce premium-grade Finely Ground Sulfur Powder (minimum 325 mesh). Targeting cashew nuts growers and diversified crop producers in Tanzania

and across East Africa, the Company will leverage abundant local Sulphur deposits and ammonia imports, coupled with experienced technical staff, to deliver consistent product quality.

With a processing capacity of 500–1,000 tons per month, we anticipate first-year revenues of TZS 4.8 billion–7.2 billion, gross margins of approximately 50%, and Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) margins of 35%. Beyond robust financial returns, Tanzania Sulphur Company Limited will create over 100 direct jobs, foster skills development in the region, and contribute to Tanzania’s agricultural self-sufficiency and food security.

The Sulphur Grinding Plant aims to support Tanzania’s agricultural transformation through local production of fertilizers. The plant will produce 12,000 MT of Finely Ground Sulfur Powder (minimum 325 mesh) annually at full capacity. It will also Utilize environmentally sound and energy-efficient technologies.

Tanzania Sulphur Company Limited, through TISEZA, aims to capitalize on the provisions available and will apply for the 75% exemption on import duties for deemed capital goods.

## 2. PROJECT INVESTMENT COST

### 2.1. Project Investment Breakdown

The project's total estimated capital investment is TZS 1.15 billion, with TZS 1 billion allocated to fixed costs.

Category	Amount (USD)
Pre-operational Expenses	50,000
Land & Site Preparation	200,000
Construction, Equipment & Installation	1,500,000
Working Capital (6 months)	300,000
Professional Fees & Permits	50,000
<b>Total</b>	<b>2,100,000</b>

i. Pre-Operational Expenses: USD 50,000

This includes project registration with TISEZA, costs for assessing project viability (especially market/client identification), and expenses for architectural, structural, and engineering services related to the Sulphur Grinding industry. Consultancy fees, legal fees, recruitment, and personnel training are also covered.

ii. Land & Site Preparation USD 200,000

These expenditures encompass the purchase of the Industrial selected plots, government fees, amenities, and overall project suitability together with land development.

iii. Construction, Equipment & Installation USD 1,500,000

These expenses cover payment to the building contractor, engineers, acquisition of high-quality finishing materials, skilled labor wages, and various construction-related processes.

iv. Working Capital (6 months) USD 300,000

This involves essential expenditures such as professional fees for planning and coordination, consulting fees for legal and financial expertise, site supervision expenses, technology investments, and travel-related costs.

v. Professional Fees & Permits USD 50,000

This involves essential expenditures such as professional fees for planning and coordination, consulting fees for legal and financial expertise, application for Work and Resident permits for the foreign employees, and travel-related costs.

## 2.2. Financing Structure

The project will be financed by equity (52%) and loan (48%)

## 3. PROJECT OPERATING COSTS

To achieve its intended objectives, the project must address the following operating expenses.

*i. Management Fees & Salaries and Wages TZS 3,500,000,000*

These management fees cover services such as planning, scheduling, coordination and on-site supervisors, ensuring that construction activities adhere to plans and timelines.

The company has a total of 10 contracted staff and intends to employ additional 200 employees when the project is completed. During the construction phase the project will create a total of 200 jobs.

*ii. Consulting Fees TZS 50,000,000*

Legal Consultants: Expenses related to legal advice, contracts review, and compliance with local regulations.

- Financial Consultants: Costs associated with financial analysis, budgeting, and securing project financing.
- Design Consultants: Fees for architects and designers contributing to the aesthetic and functional aspects of the projects.

*iii. Utilities TZS 30,000,000*

Ongoing costs for water, electricity, gas, and other utilities during the construction and operational phase.

*iv. Travel and Accommodation TZS 50,000,000*

Covers local and international travel for management and consultants, field visits, project monitoring, accommodation, and subsistence allowances over the 18–24-month project development and early operational period.

*v. Insurance TZS 250,000,000*

Construction Insurance: Coverage for risks during the construction phase, including damage, theft, or accidents- TZS 120m.

- Liability Insurance: Protection against potential legal claims - TZS 80m.
- Property Insurance (post construction) – TZS. 50m: Coverage for completed structures against potential risks like fire or natural disasters.

*vi. Motor vehicle running Expenses TZS 100,000,000*

Includes petrol/diesel, lubricants, service and repairs for company-owned transport vehicles (estimated 3–5 pickups, trucks, and utility vehicles) used during construction and operations.

*vii. Taxes and other Regulatory fees TZS 180,000,000*

This includes annual property taxes, occupational Safety and Health Authority (OSHA) fees, Fire & Rescue Department compliance fees, Municipal levies and trade licenses and Environmental management compliance fees.

## **4. ASPECTS OF PROJECT SUSTAINABILITY**

### **4.1. Project sustainability in Tanzania**

In alignment with these national aspirations, the proposed Sulphur Grinding Industry project is designed to contribute meaningfully to the socio-economic transformation of Tanzania. Following a comprehensive assessment of the prevailing market dynamics and the current landscape of Sulphur Grinding in the country, the project stakeholders express strong confidence in the feasibility and long-term viability of the venture.

The demand for high-quality fertilizers such as ammonium sulphate, a by-product of Sulphur Grinding continues to rise steadily among cashew nut cultivators and other agricultural producers across Tanzania and neighboring countries. This demand serves as a key driver for investment in local Sulphur Grinding capacity, with the aim of reducing dependence on imports while enhancing productivity and food security within the region.

Moreover, recent advancements in national infrastructure in transportation and communication sectors further reinforce the project's commercial potential. Improved road networks, port facilities, and digital connectivity are expected to facilitate the efficient movement of raw materials and finished products, while also enabling broader market access and regional integration. Taken together, these factors create a stable and supportive environment for the establishment and expansion of Sulphur Grinding operations, making the project both timely and strategically aligned with Tanzania's long-term development objectives.

## 4.2. Monitoring And Evaluation

The project will employ rigorous monitoring and evaluation tools to ensure effective management and performance assessment. The project stakeholders are resolute in their commitment to collaborate fully with the government and other stakeholders, fostering a seamless and cooperative business environment. This collaborative approach is integral to the project's success and aligns with a commitment to transparent and harmonious relationships with all relevant entities. The project sustainability will cover;

### 4.2.1. Human Sustainability

- **Workforce Development:** Comprehensive training programs for both the initial 10 management staff and the 200 operational employees will build local technical skills in Sulphur processing, safety protocols, and quality control.
- **Occupational Health & Safety:** Implementation of strict safety management systems (including regular drills, personal protective equipment, and onsite medical facilities) will minimize workplace injuries and promote a culture of safety.
- **Career Progression & Well-being:** Fair wages, benefits (health insurance, maternity/paternity leave), and clear promotion pathways will foster employee loyalty and support their long-term professional growth.

### 4.2.2. Social Sustainability

- **Community Engagement:** Early and ongoing consultation with local leaders, neighboring communities, and civil society organizations will ensure that project activities address community concerns (e.g., traffic, noise, land use) and that benefits are shared equitably.
- **Local Content & Procurement:** Prioritizing local suppliers and contractors (for goods, services, and labor) will circulate project revenues within the regional economy and strengthen local businesses.
- **Social Investment Programs:** Establishing community development funds to support education (scholarships for technical schools), healthcare clinics, and small-enterprise grants will create positive ripple effects beyond the plant's footprint.

### 4.2.3. Economic Sustainability

- **Revenue Diversification:** By producing both Finely Ground Sulfur Powder (minimum 325 mesh) and value-added Sulphur derivatives, the plant mitigates market-price fluctuations and secures multiple revenue streams.
- **Cost Efficiency & Productivity:** Ongoing investment in process optimization (through predictive maintenance, energy-efficient equipment, and continuous improvement methodologies) will reduce operating costs and maintain competitive pricing.
- **Local Economic Impact:** The project's payroll, procurement, and taxes will generate a stable flow of income for families and local government services, stimulating broader economic growth in Mtwara and surrounding districts.

#### 4.2.4. Environmental Sustainability

- **Emissions Control:** Installation of scrubbers, acid-gas abatement units, and continuous emissions monitoring systems will ensure compliance with national and international air-quality standards.
- **Waste Management & Recycling:** Sulphur by-products (e.g., spent catalyst, gypsum) will be repurposed into construction materials or safely disposed of under hazardous-waste protocols, minimizing landfill impact.
- **Water & Energy Conservation:** Closed-loop cooling systems, rainwater harvesting for non-potable uses, and energy-recovery turbines on flue gas streams will reduce freshwater withdrawal and lower the facility's carbon footprint.
- **Biodiversity Protection:** Buffer zones and reforestation initiatives around the plant site will preserve local flora and fauna, while regular environmental audits will track ecosystem health and guide adaptive management.

By integrating these human, social, economic, and environmental strategies, the Sulphur Grinding Industry project will not only achieve its production goals but also leave a lasting, positive impact on employees, communities, and the natural environment.

## 5. FINANCIAL ANALYSIS

### 5.1. Considerations and Assumptions

The following assumptions have been used while preparing the financial projections:

- Selling price: \$450/MT
- Variable cost: \$285/MT
- Fixed costs: \$1,020,040 annually
- Depreciation (avg.): \$150,000 per year
- Corporate tax: 30%
- Capacity ramp-up: 70%, 85%, 100%, 100%, 100%
- The loan amount to be issued by the financier is 51% of the investment value.
- The interest rate for the loan is assumed to be 7% per annum
- The duration of the loan repayment is 6 years.
- Repayment currency is also USD.
- Corporate tax is 30%
- For projection purposes, it is assumed that the economic life of the project is Fifty (50) years

## 5.2. Projected income statement

Below is the projected income statement (all figures in USD)

Description	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	3,780,000	4,590,000	5,400,000	5,400,000	5,400,000
Variable Costs	2,394,000	2,907,000	3,420,000	3,420,000	3,420,000
<b>Gross Profit</b>	<b>1,386,000</b>	<b>1,683,000</b>	<b>1,980,000</b>	<b>1,980,000</b>	<b>1,980,000</b>
Fixed Operating Costs	1,020,040	1,020,040	1,020,040	1,020,040	1,020,040
<b>EBITDA</b>	<b>365,960</b>	<b>662,960</b>	<b>959,960</b>	<b>959,960</b>	<b>959,960</b>
Depreciation (2%)	42,000	42,000	42,000	42,000	42,000
<b>EBIT</b>	<b>323,960</b>	<b>620,960</b>	<b>917,960</b>	<b>917,960</b>	<b>917,960</b>
Interest Expense	74,970	63,000	50,000	36,000	20,000
<b>Profit Before Tax</b>	<b>248,990</b>	<b>557,960</b>	<b>867,960</b>	<b>881,960</b>	<b>897,960</b>
Corporate Tax (30%)	74,697	167,388	260,388	264,588	269,388
<b>Net Profit After Tax</b>	<b>174,293</b>	<b>390,572</b>	<b>607,572</b>	<b>617,372</b>	<b>628,572</b>

## 5.3. Projected Balance sheet

The projected Balance Sheet of the Sulphur Grinding Industry is outlined in the table below. It is anticipated that a significant portion of the plant's production capacity—approximately 80%—will be utilized and monetized within the first three years of operations. As a result, the value of property, plant, and equipment is expected to gradually decline over time due to depreciation.

The project is forecasted to generate substantial cash flows from the sale of processed sulphur-based products, particularly Finely Ground Sulfur Powder (minimum 325 mesh). A portion of these earnings will be strategically reinvested in long-term financial instruments, including government bonds and equity securities, to enhance capital preservation and yield additional income.

The financing structure of the project is composed of 52% debt financing, which includes long-term borrowings and shareholder loans, while the remaining 48% will be funded through equity contributions. This balanced capital structure is designed to optimize financial leverage while maintaining operational stability and investor confidence.

## PROJECTED BALANCE SHEET FOR THE PROJECT

Assets					
	Year 1	Year 2	Year 3	Year 4	Year 5
Net Fixed Assets	2,058,000	2,016,000	1,974,000	1,932,000	1,890,000
Working Capital	800,000	800,000	800,000	800,000	800,000
Cash	200,000	500,000	1,000,000	1,600,000	2,200,000
<b>Total Assets</b>	<b>3,058,000</b>	<b>3,316,000</b>	<b>3,774,000</b>	<b>4,332,000</b>	<b>4,890,000</b>
Liabilities & Equity					
	Year 1	Year 2	Year 3	Year 4	Year 5
Share Capital	1,029,000	1,029,000	1,029,000	1,029,000	1,029,000
Retained Earnings	174,293	564,865	1,172,437	1,789,809	2,418,381
<b>Total Equity</b>	<b>1,203,293</b>	<b>1,593,865</b>	<b>2,201,437</b>	<b>2,818,809</b>	<b>3,447,381</b>
Loan Balance	905,000	730,000	540,000	335,000	115,000
Other Liabilities	949,707	992,135	1,032,563	1,178,191	1,327,619
<b>Total Liabilities &amp; Equity</b>	<b>3,058,000</b>	<b>3,316,000</b>	<b>3,774,000</b>	<b>4,332,000</b>	<b>4,890,000</b>

### i) Projected Risks

Sulphur Grinding in Tanzania presents a strong investment opportunity due to favourable market conditions and high local demand. However, the project also involves various risks that require careful management.

Key risk factors include:

- **Market Volatility:** Fluctuations in global and regional fertilizer prices and demand, particularly for ammonium sulphate, may affect revenue projections.
- **Supply Chain Disruptions:** Interruptions in the supply of raw materials (e.g., elemental sulphur or gas-based sulphur sources), or delays in transportation and logistics could impact production continuity.
- **Regulatory and Environmental Compliance:** Changes in environmental regulations or delays in obtaining and maintaining operational permits may result in additional compliance costs or operational interruptions.
- **Technological and Operational Risks:** Equipment malfunction, plant inefficiency, or technical delays during commissioning could affect plant performance and output.
- **Macroeconomic and Political Factors:** Although Tanzania maintains a stable political and economic environment, any significant shifts in fiscal policy, inflation, or political stability could influence the cost of doing business or access to financing.

Despite these risks, the overall outlook for the project remains positive. With proper risk mitigation strategies including insurance coverage, supply agreements, and environmental compliance protocols, the project is well-positioned for long-term sustainability and profitability.

## Implementation Timeline

Milestone	Timeline
Site selection & permitting	Months 1–3
Equipment procurement	Months 2–6
Construction & installation	Months 4–9
Recruitment & training	Months 7–9
Trial production & QA	Months 9–10
Commercial launch	Month 11
Full-capacity operations	Month 13

## 6. SOCIAL AND ECONOMIC ASPECTS OF THE SULPHUR GRINDING INDUSTRY

The overarching goals of Tanzania’s national development vision are centered on enhancing the quality of life for all citizens. This includes the promotion of peace, security, and national unity; the strengthening of democratic governance and the rule of law; the cultivation of a well-educated and knowledge-based society; and the development of a robust, competitive, and resilient economy capable of generating inclusive and sustainable growth.

### 6.1. Economic Aspects

#### i. Contribution to Agricultural Productivity

The primary product, **finely ground sulfur powder (minimum 325 mesh)**—is a key input in agriculture, especially in the cashew, maize, rice, and horticulture sectors. Increased availability of affordable, locally produced fertilizer will enhance soil fertility, boost crop yields, and contribute to national food security and export potential.

#### ii. Import Substitution and Foreign Exchange Savings

Tanzania currently relies heavily on imported fertilizer. Establishing a local Sulphur Grinding plant would lessen this dependence, help save foreign currency, and enhance the nation's trade balance.

#### iii. Industrial Growth and Diversification

The industry supports the government's goal of **economic diversification** and **industrialization** under initiatives like *Tanzania’s Development Vision 2025* and *the Third Five Year Development Plan*. It will stimulate related industries including logistics, packaging, chemical handling, and research & development.

#### iv. Job Creation and Income Generation

The project will create direct employment in operations, administration, logistics, and engineering, as well as indirect employment through supply chains, construction, maintenance, and service contracts. This contributes to income growth for households and improves living standards in the surrounding regions.

#### **v. Investment Attraction and Local Content Development**

The establishment of this industry may serve as a **catalyst for further domestic and foreign investment** in the chemical and agri-input sector. It will also encourage partnerships with local suppliers and technical service providers, promoting skills development and local content.

### **6.2. Social Aspects**

#### **i. Community Development and Corporate Social Responsibility (CSR)**

The project will allocate a portion of its profits toward community development programs. These may include building schools, improving health care services, supporting agricultural training programs, and improving rural infrastructure such as access roads and water supply.

#### **ii. Environmental Management and Sustainability**

Sulphur Grinding requires strong environmental controls. The company will invest in **modern, environmentally sound technologies** and comply with environmental standards to ensure that emissions and waste are properly managed. This will reduce health hazards and promote sustainability.

#### **iii. Development Skills and Capacity Building**

The project will offer opportunities for **technical training, internships, and skill enhancement**, especially for young professionals and graduates in engineering, chemistry, and industrial operations.

#### **iv. Rural Development and Poverty Alleviation**

By locating the plant in an underdeveloped region such as Mtwara or Lindi, the project contributes to **rural industrialization**, bringing services, infrastructure, and economic activity to underserved areas helping reduce urban migration and regional inequality.

#### **v. Gender Inclusion and Social Equity**

The company is committed to fostering inclusive employment practices by actively supporting the recruitment and development of women and youth, while maintaining equitable working conditions for every employee.

## 7. CONCLUSION AND RECOMMENDATIONS

The proposed Sulphur Grinding project is technically feasible, financially viable, and economically justifiable, with strong market demand, a reliable raw material supply chain, and alignment with Tanzania's national industrialization agenda. Given that the project will be managed efficiently by its stakeholders, it is well-positioned to contribute significantly to the agricultural, manufacturing, and export sectors of the country.

Considering the project's strategic importance to the national economy particularly in supporting agricultural productivity, job creation, and industrial growth, the **Directors of Tanzania Sulphur Company Limited** respectfully submit this application in request of the Certificate of Incentives.

Accordingly, we request that the project be granted a **Certificate of Incentives** in accordance with the **Investment Special Economic Zone Act, of 2025**, which governs the provision of fiscal and non-fiscal incentives to qualifying investors.

We believe that with these incentives, Tanzania Sulphur Company Limited will be better equipped to implement the project successfully, operate efficiently, and deliver long-term value to the Tanzanian economy.