25th April 2025

To
The Executive Directors,
Tanzania Investment Centre
PO Box- 938
Dar es Salaam

SUBJECT: Application for New Certificate of Incentives

Project Background:

Bagamoyo Sugar Limited (BSL), a unit of Bakhresa Group, was incorporated on 1st December 2016 with the main objective of establishing a sugarcane plantation and manufacturing sugar to alleviate the shortfall in domestic sugar production. BSL was established in compliance with the directive by the Government of Tanzania for Bakhresa Group to invest on a green field sugar project on 10,000 Ha of land in Makurunge Village of Bagamoyo district allotted by Govt. This move was part of the Government's initiative to reduce dependency on sugar imports and to drive an increase in domestic sugar production. This land is situated along the Wami River.

Progress Made So Far:

Under Phase 1 of the implementation of the project, BSL planted sugar cane on 2000 Ha of land and installed and commissioned 1,500 tons per day crushing capacity Sugar Plant. By now, BSL has completed the third season of harvesting sugar cane and producing sugar.

Expansion Plan/ Investment Objective

The company intends for expand Sugar Plant from 1500 TCD to 3500 TCD and increase the area under cultivation from 2000 Ha to 3000 Ha.

Investment Cost and Sources of Finance

The total project cost for capex expansion is estimated at US$10m. The required funds for the project expansion shall be mobilized through a combination of internal accruals from group companies amounting to USD 6.5 Million and external financing from banking institutions amounting to USD 3.5 Million respectively.

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Job Creation

The expansion of the sugar project will lead to increased job creation for a total number of 100 people, both directly in agriculture and processing, and indirectly through supporting industries such as transport, maintenance, and local services.

Investment Funds Expenditure Breakdown

The above is depicted on a table below:

Category	Amount (in USD)	Percentage (%)
Supply of Sugar Plant & Equipment	6,000,000	60%
Installation and Erection Cost	1,500,000	20%
Civil Works	1,500,000	20%
Agriculture/Irrigation/Harvesting Equipment	1,000,000	10%
Total Cost	**10,000,000**	

Sources of Supply of Inputs

All major equipment required for the project will be procured from established manufacturers in Asia/Europe, leveraging the region's advanced manufacturing capabilities and favorable cost structures.

Marketing Plan

Given that the current demand for sugar exceeds domestic supply, the government is committed to encouraging local/domestic production of sugar to reduce reliance on imports and enhance food security. This initiative aims to reduce dependency on imported sugar, support local farmers and processors, and strengthen the country's agro-industrial base.

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Implementation Schedule:

The expansion of the sugar plant will be carried out in given below 6 phases over a 18 months' time as stated below:

Phase	Activity	Timeline
Planning and Approvals	Feasibility study, project design, approvals	December ,24 to March, 25
Procurement	Equipment sourcing from Asia/Europe	April 25 to October ,26
Site Preparation	Civil works and other infrastructure	August ,25 to October 26
Installation and Erection	Machinery delivery and installation	June,25 to March 27
Testing and Commissioning	System testing, calibration, trial runs	Before June, 27
Enhanced Capacity Operation	Commercial Production	Before July, 27

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Financial Projections:

BAGAMOYO SUGAR LIMITED
P.O. Box 2517, Dar es Salaam

In TZS Millions

PROJECTED BALANCE SHEET

PARTICULARS	Jan 23 to June'24 18 months 2024	2024-25 2025	2025-26 2026	2026-27 2027	2027-28 2028	2028-29 2029
	Audited	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*
Non current assets						
Property, plant & equipment	233,367	227,532	215,644	226,910	214,791	204,395
Intangible assets	130	104	84	67	53	43
Capital work-in-progress	3,460	5,050	22,950	-	-	-
Deferred tax assets	49,010	49,010	49,010	49,010	49,010	49,010
Other non-current assets	-					
	285,967	281,696	287,688	275,987	263,854	253,448
Current assets						
Inventories	12,215	5,982	5,000	5,000	5,000	5,000
Biological assets	15,514	21,600	24,184	25,393	26,663	27,996
Trade and other receivables	9,090	2,000	1,344	1,468	1,468	1,468
Cash and cash equivalents	3,226	328	428	1,263	116	812
Current tax	1,054	1,134	1,134	1,134	1,134	1,134
	41,099	31,044	32,090	34,259	34,381	36,410
Total assets	**327,066**	**312,740**	**319,778**	**310,245**	**298,235**	**289,858**
Equity						
Share capital	2,000	2,000	194,000	194,000	194,000	194,000
Share application money		192,000				-
Retained earnings	(44,505)	(60,711)	(55,007)	(43,587)	(31,305)	(18,525)
	(42,505)	133,289	138,993	150,413	162,695	175,475
Non current liabilities						
Shareholder Loans	192,900	19,050	36,050	36,050	30,050	24,050
Borrowings - Bank	107,072	97,399	71,736	46,792	30,921	18,562
Deferred tax liabilities	30,410	30,410	30,410	30,410	30,410	30,410
	330,381	146,859	138,195	113,251	91,380	73,021
Current liabilities						
Trade and other payables	8,706	2,691	4,703	5,033	5,285	5,548
Provisions	1,360	6,086	6,147	6,209	6,271	6,333
Bank overdraft	8,356	13,500	13,500	13,500	13,500	13,500
Borrowings -Banks	20,269	9,817	17,740	21,342	18,607	15,483
Current tax	499	499	499	499	499	499
	39,190	32,593	42,589	46,582	44,160	41,362
Total equity and liabilities	**327,066**	**312,740**	**319,778**	**310,245**	**298,235**	**289,858**

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BAGAMOYO SUGAR LIMITED
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In TZS Millions

PROJECTED PROFIT & LOSS ACCOUNT

PARTICULARS	Jan'23 to Jun'24	July 24 to June 25	July 25 to June 26	July 26 to June 27	July 27 to June 28	July 28 to June 29
	2024 TZS	2025 TZS	2026 TZS	2027 TZS	2028 TZS	2029 TZS
	Audited	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*
Revenue	99,822	35,208	70,065	76,553	76,553	76,553
Change in fair value of Standing canes	- 11,681	-	-	-	-	
Cost of sales	- 58,505	21,829	38,150	40,819	42,860	45,003
Gross profit	29,636	13,379	31,915	35,734	33,693	31,550
Other income	878	850	1,000	1,000	1,000	1,000
	30,514	14,229	32,915	36,734	34,693	32,550
Less: Expenses						
Administrative expenses	(3,941)	(3,000)	(3,030)	(3,060)	(3,091)	(3,122)
Financial expenses	(51,206)	(12,539)	(10,622)	(8,904)	(7,038)	(5,091)
	(55,147)	(15,539)	(13,652)	(11,964)	(10,129)	(8,213)
Profit / (loss) before depreciation	(24,634)	(1,310)	19,263	24,770	24,564	24,337
Less: Depreciation	(21,284)	(14,896)	(13,559)	(13,351)	(12,282)	(11,556)
Profit / (loss) before tax	(45,918)	(16,206)	5,704	11,419	12,282	12,780
Less: Tax expense / credit	13,237					
Profit / (loss) after tax	**(32,680)**	**(16,206)**	**5,704**	**11,419**	**12,282**	**12,780**

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Capacity of the Project

The crushing capacity of the Sugar plant shall increase from 1500 tons per day to 3500 tons per day.

Kindly acknowledge this letter and attached submission in order.

We shall be eager to respond to any queries from your end.
Thanking you in advance.

For Bagamoyo Sugar Ltd

Managing Director

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