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Mumias seeks Sh15b funding for Tarda

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By James Anyanzwa

Mumias Sugar Company (MSC) is in talks with major development finance institutions (DFIs) and various equity funds as it seeks an estimated \$180 million (Sh15 billion) debt to implement the integrated Tarda sugar project at the Coast.

The western Kenya-based sugar miller, which formed a partnership with Tana and Athi River Development Authority, is looking at the Greenfield project as an opportunity for long term growth and risk diversification. Tarda project is being funded through both loans from financial institutions and shareholders' funds on a 50:50 basis.

The syndicated loan from financial institutions forms part of the total project cost, which is estimated at \$360 million (Sh30 billion). The remaining \$180 million (Sh15 billion) is to be realised from shareholders through equity capital.

In the pipeline

"The project is viable and a number of investors have expressed interest in it," Peter Kebati, the company's chief executive told The Standard.

Mr Kebati said the project, which has been in the pipeline for more than five years, has so far received approval from the National Environment Management Authority and it is expected to break ground in the next 18 months.

The Tarda project is one of the Vision 2030 flagship projects for sustainable development. The project is estimated to cover an area of 16,000 hectares of estate sugarcane farming.

The benefits

It is argued that by growing cane at the Coast, MSC would benefit from faster maturing canes, increased sucrose content in the sugarcane and reduction in cost by growing cane via irrigation as opposed to rain-fed growing.

The project is expected to produce 200,000 tonnes of sugar, 40 million litres of ethanol and an additional 38MW of electricity to the national grid.

MSC has consistently made profits and paid dividends to its shareholders over the last nine years. Its revenues have grown from Sh6 billion to Sh19 billion, while total assets increased from Sh8 billion to Sh25 billion over the same period.



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