

WORLD FINANCE

THE VOICE OF THE MARKET



MONEY SHAPES OUR LIVES, YET WE RARELY REFLECT ON WHERE IT CAME FROM
 David Orrell is a mathematician and author of



THE FALL OF COMMODITY PRICES CAN ONLY BE DOWN TO ONE THING: MACROECONOMIC FACTORS

HOME	BANKING	WEALTH MANAGEMENT	INFRASTRUCTURE	STRATEGY	MARKETS	VIDEOS
------	---------	-------------------	-----------------------	----------	---------	--------

AWARDS

Kwale and Omnicane: A sweet \$200m partnership

PROJECT FINANCE

Thursday, October 31st, 2013

Tweet Recommend this on Google

Sugar cane production in Kenya is changing, and as Kaushik Pabari, Director of Kwale International Sugar Company and Jaques d'Unienville, CEO of Omnicane attest, the versatile commodity can go a long way

The Ramisi area in Kenya's Kwale County was in 1927 identified as a prospective resource for cane agriculture by entrepreneurs. This led to the construction of the first sugar factory in Ramisi - the Ramisi Sugar Factory - which collapsed in the late 1980s, marking the end of sugar processing in the area.

In 2006, a different group of entrepreneurs saw the potential left behind by the Ramisi Sugar Factory, and took up the opportunity to reinstate the diminished sugar industry. Kwale International Sugar Company (KISCOL) - a sugar processing complex with co-gen and ethanol capabilities - was established.

Bringing sugar back to Ramisi

The \$200m sugar processing facility being built from the ground up incorporates 5,500 hectares of cultivated cane, a 3000 tonnes-crushed-per-day sugar mill, an 18 megawatt bagasse-fired power plant and a sub-surface drip irrigation and water management system that will result in affordable, locally grown sugar.

KISCOL was launched in a ground-breaking ceremony in November 2007 by the former President of Kenya - Mwai Kibaki - as one of the largest green field projects in Africa, and is expected to be fully operational in mid-2014.

A sub-surface drip-fed irrigation system is used for water conservation. Cane planting commenced in 2010 and KISCOL plans to harvest 60 tonnes of rain fed cane per hectare and up to 140 tonnes of irrigated cane per hectare.

The company's 5,500 hectares of cultivated cane for the sugar processing facility will see 3000 tonnes of cane crushed per day; processed and introduced to the Kenyan, regional and international markets. In future, KISCOL plans to provide an alternative by refining its sugar for the local market.

Bagasse - a by-product of sugar production - will be the main raw material for electricity generation with 80 percent of electricity produced being used by the factory and 20 percent supplied to the National Grid to ease Kenya's demand for power.

Widespread ethical conservation

By being involved in various environmental conservation initiatives around the factory site and Kwale County, with many schools receiving tree seedlings

RELATED BY TOPIC

Capitalising on Colombia's recent natural resource boom

Improving Chile's healthcare infrastructure

The problem with predictions

IN THIS SECTION



Bonus Banca de Inversion on the future of infrastructure developments

Infrastructure investment essential to Ireland's economic recovery

Shurooq commits to 'Heart of Sharjah' project

Russia secures China gas deal at last minute



LATEST

VIDEOS
FBN INSURANCE ON NIGERIA'S GROWING INSURANCE SECTOR | VIDEO



A UNIVERSAL REJECTION OF BACKHANDERS



LATEST

ISSUE

THE DEFINITIVE INDUSTRY GUIDE

LATEST

HEADLINES

- FEBRUARY 23RD** A lack of dissenting voices holds boards back
- FEBRUARY 22ND** Bolivia's petrochemical industry set to prosper thanks to new plant
- FEBRUARY 21ST** Chiliogon Asia on the Asian credit market and its risks
- FEBRUARY 20TH** PTT boosts ASEAN'S economic potential
- FEBRUARY 20TH** Etiqa leads the Malaysian insurance market
- FEBRUARY 19TH** Oman's banking sector flourishes thanks to increased FDI
- FEBRUARY 18TH** Surfline powers 4G coverage in Africa
- FEBRUARY 17TH** ICD: what's next for the Islamic finance market?
- FEBRUARY 16TH** Transparency is key for portfolio manager Dif Broker
- FEBRUARY 15TH** EuroLife strengthens its position in wake of economic crisis

MOST READ / MOST

- WATCHED**
1. The Parmalat scandal
 2. Zenith Bank: The success story of Nigerian banking
 3. Keiretsu for a new age
 4. Managing complexity in intercompany transfer pricing
 5. Brazil: country of the future, or has its time come?
 6. High-Speed Rail: the future of freight
 7. Where does economic growth come from?
 8. Uruguay: A popular destination for foreign investment
 9. Ghana steps up infrastructure investment
 10. Encouraging immigration

donations for their tree planting exercises, KISCOL's green cane harvesting method also plays a role in environmental conservation since it helps avoid burning of cane. The sub-surface drip-fed irrigation system helps save on 40 percent of the water requirements for crop growth. The first beneficiaries of this project include the 1,200 registered out growers set to produce sugarcane on 3,200 hectares of land. Apart from earning a living from supplying cane to the factory, they will benefit from a medical insurance scheme provided by KISCOL.

With initiatives such as rehabilitation of school structures and donating funds to oversee electricity installation in both primary and secondary schools, the company intends to continuously focus on constantly serving the community.

KISCOL is a subsidiary of family-owned investment company, Pabari Investments. Formed in the 1950s, the company began as a small provision shop known as Pabari Distributors, whose core business was the distribution of food products to the Kenyan and regional markets. Growing in leaps and bounds, it began to invest in other sectors, venturing into pharmaceuticals, transport, petroleum, aviation, fresh food produce and most recently, healthcare, education and publishing.

Uni Supplies and Marketing Kenya – set up in 1998 – distributes pharmaceuticals including prescription drugs, over the counter medications and medical supplies. Joining the transport and petroleum industries in the same year, Pabari established Euro Petroleum Products, which operates large oil storage facilities and transport fleets.

A service aviation company, Mayfair Aviation – which owns a Bell 407 Helicopter used for services including wet leasing, air ambulance, electronic news gathering, and tourist excursions, among others – was also established as a result.

Other companies were created, including Unifresh Exotics, which was established in 2009, is a fresh produce export house that also manages packaging and export of consumer goods such as cereals, rice and beans under its brands to Egypt, the UK, Europe and Australia. What has become apparent in the region is the prolific nature of care and coverage. Getwell Hospital aims to build clinics and hospitals in all major cities in Kenya.

The first clinic was established in Kwale County, and plans are also underway in Nairobi to establish a clinic there. Apart from providing general healthcare, the hospital intends to include rehabilitation programmes focussing on drug abuse and prostitution.

Companies expanding beyond remits

Readwell Publishers is a recent venture undertaken by Pabari involving the writing of books to better the society. Research done by the organisation proved that drug abuse and prostitution are prevalent practices in Kwale County. The first book advocating against the practise was published in October this year and donated to schools in Kwale.

With an international presence in countries including Australia, the UK, India, and the UAE, Pabari Investments has a workforce of more than 2,000 people. The staff body encompasses a number diverse culture including Kenyans, Australians, Ethiopians, Israelis, Britons, Americans, Mauritians and Indians. Three years into KISCOL's operation, Mauritian sugar producer Omnicane came on board as a management partner with a 25 percent stake in the company, with the Pabari family holding a 75 percent stake.

Omnicane is Mauritius's leading sugar producer. Its agricultural activities are centred in the South of Mauritius, and it was among the first entities to be listed on the Mauritius Stock Exchange. It has total assets of \$582m, and generates a yearly turnover of about \$125m. The activities of this company include the production of refined sugar, and generating energy from bagasse and coal. It started the production of ethanol, liquid fertilizer and food grade carbon dioxide in October this year, and plans to open the first airport hotel in Mauritius by mid-December of this year.

With corporate social responsibility, Omnicane dedicates 2,632 hectares to the cultivation of sugar cane, which produced 208,694 tonnes of cane in 2012, and is used nationally. The milling capacity of 1,500,000 tonnes of sugarcane per year is complemented by the factory's capacity to refine this amount of sugar per year. Omnicane has the capacity to produce 220,000 tonnes of refined sugar, purposefully engineered for Europe's industrial and domestic markets.

DOMESTIC MARKETS.

Extensive energy production

As a company, Omnicane also produces electric power generation in two units, namely the Omnicane Thermal Energy Operations (Saint Aubin) and Omnicane Thermal Energy Operations (La Baraque).

The latter is one of the largest coal and bagasse cogeneration plants in the world, equipped with two units of 44.5 MW, and has been operational since 2007. The Saint Aubin power plant has been operating since 2005 and is equipped with a spreader, stoker, boiler and a 34.5 MW condensing type turbine that runs on coal. The group's power plants contribute about 29.62 percent of exported electricity to the national grid in Mauritius annually.

Bio-ethanol production was started by Omnicane in October of this year. The distillery uses 90,000 tonnes of molasses per annum that is currently being exported, and will be transformed into 22.5 million litres of hydrated bio-ethanol destined for export to the EU. In the future, part of the ethanol production shall be used as a bio-ethanol and gasoline blend. By products from the process will be used to produce liquid fertilizers and food grade carbon dioxide.

Adding value to products is an important aspect of Omnicane's development. With this objective in mind, it has invested in Real Good Food Company, a leading UK bakery, ingredient and sugar group. It is also involved in sugar marketing, packing and distribution as well as transformation of sugar into value added products such as marzipan and caramel.

This investment helps improve efficiency and provide cost-saving methods. With Omnicane's existing international market, KISCOL, a backward integration project undertaken by Omnicane is guaranteed of supplying sugar to the Kenyan market and the international market through its established network.

Pabari Investment's strong background combined with Omnicane's operations encompasses both backward and forward integration, and is set to erupt an unmatched synergy with strength that will see major development and growth of not only both companies, but their respective countries and the African continent.

The resulting synergy from the union of the two conglomerates will lead to more investments into various industries in Africa, and globally. Apart from the construction of a state-of-the-art \$200m sugar processing complex, the corporate trust formed by the two companies plans to invest into various sectors, including hospitality and energy.

The two companies have together established a five star airport hotel in Mauritius, and a plan to set up an electricity generation plant that will benefit various African countries is in the offing. The firm development measures taken by the two companies aim toward making Africa a development hub.

Energising the continent's economy through projects founded through a demand for what sugar cane can produce that will benefit the African people is the driving force behind the union, and it is in no doubt that the two power houses are on their way to becoming a well established name in both Africa and the rest of world.

For more information www.kwale-group.com, www.pabariigroup.com, www.omnicane.com; email: info@kwale-group.com

<p>TOPICS</p> <p>Tags: W13ND</p>	<p>Tweet</p> <p><input type="text" value="0"/></p>	<p>Comments:</p> <p>0</p> <p>Join the discussion below</p>
--	---	---

LATEST

VIDEOS



MORE VIDEOS ON WORLD FINANCE

Previous article

Southern Copper Corporation provide benchmark for mining

Next article

BNP Paribas: Infrastructure holds key to growth in Peru

benefits for financing transactions

key to growth in 1984

COMMENTS

HOME

[Columnists](#)
[Contributors](#)
[Financial dictionary](#)
[Reports](#)
[The Econoclast](#)
[About](#)
[Advertise](#)
[Contact](#)
[Subscriptions](#)

BANKING

[Central Banking](#)
[Investment Banking](#)
[Private Banking](#)

WEALTH MANAGEMENT

[Hedge Funds](#)
[Insurance](#)
[Pension Funds](#)
[Real Estate](#)
[Tax](#)

INWARD INVESTMENT STRATEGY

[Americas](#)
[Asia & Australasia](#)
[Europe](#)
[Middle East & Africa](#)

[Business Education](#)
[Consultancy](#)
[Corporate](#)
[Governance](#)
[ESG](#)
[Investor Relations](#)
[Legal](#)

MARKETS

[Energy](#)
[Equities](#)
[Forex & Brokerage](#)
[Islamic Finance](#)
[Technology](#)
[Transfer pricing](#)

AWARDS

[READ OUR PRIVACY POLICY HERE.](#)

 **WORLD FINANCE**

[Back to top ^](#)
© World News
Media