

## Successful Divestiture Of Hima Cement Limited

### Background

On 14th December 1994, Uganda Cement Industries was privatized by the Uganda government and divided into two companies; Tororo Cement and Hima Cement. The new owners of Hima Cement incorporated a company Hima Cement (1994) Uganda Ltd to take over the assets of the company.

In April 1999, Bamburi Cement a subsidiary of Lafarge together with Lafarge itself acquired 100% shares from the previous owners. In July 1999, the name of the company was changed from Hima (1994) Uganda Ltd to Hima Cement Ltd.

Today, the company is owned by Bamburi Cement and ultimately Lafarge which is the world's largest building materials company.

Uganda Cement industries had initially built the plant to produce 240,000 tons of cement a year, but was producing a paltry 20,000 tons by the time of privatization. When Hima took over, the management embarked on a mission to improve efficiency and increase production with the aim of maximizing the plant's capacity. By 1999, production had been increased to 170,000 tons per annum, and since then the new owners (Lafarge) have increased the plant's production capacity to 305,000 tons per annum.

### Investment

Since May 1999, the company has invested US\$13 million in plant modernization, quality, safety and training programmes. This investment is directly reflected by the phenomenal growth in capacity over the same period and market domination by Hima Cement brands, which are now a household name in Uganda and the neighbouring countries.

### Employment:

Hima Cement currently employs 329 permanent staff and 64 on temporary basis. In addition to this, the company engages a large number of contractors on various fronts such as transportation, maintenance, and security provision among others.

### Contribution to the Exchequer

In 2002 Hima Cement paid Ushs4.1 billion in direct taxes (corporation tax) and Ushs 8.6 billion in indirect taxes (Excise, VAT, duties).

### Products

Hima produces two brands of Cement; Hima Rapid Set Cement and Hima Multi- Purpose Cement under stringent controls in line with the Uganda National Bureau of Standards and conforming to the New European Norms. The company has started the production of Portland Pozzolanic Cement, which is more eco-friendly because it conserves scarce Limestone and utilizes the more available Pozzolana. In addition to this, Hima also markets two other products from its sister company in Kenya- Bamburi cement; Bamburi Supaset and Bamburi Power plus.

Today we can confidently say that more than half of Kampala's big projects have used or continue to use our products for their building and construction works. These projects include:

- Garden City Shopping mall
- Golf Course Apartments
- Workers House

## Safety Record

Hima Cement recently attained a record 2 years with no Loss Time Accident (LTA) at its plant. This has been as a result of adoption of stringent safety procedures, which are benchmarked on international standards.

## Social Responsibility Programmes

The Hima/Bamburi/Lafarge Group is famed the world over for its social responsibility programmes that are geared towards improving the general welfare of the communities that the companies operate in. Hima in particular has identified four areas for community investment. These include health and sanitation, education, shelter and the environment.

In Education Hima Cement is at the forefront of supporting Universal Primary Education (UPE) by building and refurbishing the Hima Primary School in Kasese. In health and sanitation the company recently built pit latrines in three primary schools in the area. Hima also has a successful reforestation programme in Kasese whose results are just beginning to be felt by the community. The company commits US\$ 50,000 for CRS projects every year.

Hima cement is also committed to helping sports men and women in the country to realize their dreams through sponsorship of Golf, Motor sport and in rugby where it supports the "Hima Impis Rugby Football Club". To this sports cause, the company spends US\$ 40,000 annually.

## Challenges/Opportunities

We believe that if the following challenges are properly addressed, the results would bring significant changes to industry in Uganda. These include:

- Improvement of quality and reliability of supply of power
- Improvement of road and rail infrastructure
- Enhancement of Commercial Law
- Improvement of URA relationship with large tax payers