



**MINISTRY OF INDUSTRY, TRADE AND
INVESTMENT**

TANZANIA INVESTMENT CENTRE

LAKE ZONE

KAD INDUSTRIES LIMITED PVV REPORT

27TH MAY, 2022

1. INTRODUCTION

KAD Industries Ltd is a TIC registered project with certificate of incentives No. 022290 registered with TIC in 2019. The company was registered with BRELA with certificate of incorporation No. 136926454 for establishing and operating a project for manufacturing of soft drinks (drinking water and juice) Mwanza Region. The project is located at Plot No. 1,2,3 Block E, Usagara - Misungwi, Mwanza.

KAD Industries Ltd submitted an application to TIC requesting the extension of their certificate of incentive which expired on March, 2022.

TIC Lake zone office was instructed by the head office in April 2022 to undertake the PVV in KAD Industries Ltd project implementation site in order to determine the project implementation status and to verify the investment with reference to capital/deemed capital expenditure for purposes of justification of the project Extension.

2. COMPANY INFORMATION

Table 1- KAD Industries Ltd Company information

S/No.	Information	Description	Current Project Status
1.	Shareholder's Information	Current Shareholders names, nationality and percentage of Ownership	1. Deodatus Katabao 8%, Nationality Tanzanian 2. Alistides Katabaro

			2% , Nationality Tanzanian
2.	Company Communication Information	Email address	drkgeneralmerchantsltd@yahoo.com
		Mobile Number	+255783570021
		Land Line Telephone Number	Nil
		Physical Address (Plot No., Block No, Street, District and Region	Plot No. 1,2 & 3 Block E,Usagara,Misngwi,Mwanza
3.	Contact Person	Name	Deodatus Rwehumbiza Katabaro
		Position	Director
		Communication Details (Email, Mobile and telephone)	+255783570021 drkgeneralmerchantsltd@yahoo.com
4.	Incorporation	Certificate of Incorporation No.	136926454
5.	TIN information	TIN Certificate No.	136926454
6.	Project Objective	Project Core Activity	Manufacturing of beverages and packaging bottles

4. PROJECT PERFORMANCE

Description of actual project performance and issues observed (findings) in tabular format below;

Table 2- Project Actual Performance

S/N	Information	Description	Current Status	
			Amount (USD)	Source Country
1.	Investment Financing amounts in USD	Financing Type		
		Local Equity	820,000	Tanzania
		Local Loans	NIL	
		Foreign Equity	NIL	
		Foreign Loans	NIL	
		Total Investment	820,000	
2.	Capacity	Project Capacity per Year	Juice - 10,800,000 pcs per year Water – 18,00,000 pcs per year Energy – 18,000 pcs per year	
3.	Direct Employment	Foreign-Men	0	
		Foreign-Women	0	
		Local-Men	25	
		Local-Women	0	
4.	Indirect employment	Estimated Total No.	50	
		Type/areas of Indirect Employment	<i>Food supplier, drivers, vendors</i>	

5. OBSERVATION AND FINDINGDS OF THE PROJECT IMPLEMENTATION

The project is located at Plot No. 1,2& 3 Block E, Usagara, Misungwi, Mwanza. The project is expected to benefit the surrounding community through its activities as well as direct and indirect employments offered by the project.

The project has not started its operations yet but all the buildings are complete except for the machineries which need to be imported and the exemption list of the machineries is already approved by TRA waiting for a valid Certificate of Incentive for clearance. The project promoters have also applied for tax exemption on distribution trucks, the application is still pending at TRA waiting for a valid certificate of incentive for the application to proceed.

Currently the project has employed a total 30people where by 5 are permanent and 25 are engaged in construction; up on commencing its operation the project will have provided 400 direct employment (275 locals and 25 foreigners) and 50 indirect employment and this will increase depending with the increase in production.The project will have a production capacity of 28,818,000 pcs of drinks (juice, water and energy) per year.

6. PROJECT IMPLEMENTATION STATUS

TIC Lake Zone Office confirms through the project promoters that implementation of the project is almost 80% complete. The delay in execution was due to the following reasons:

- Delay in fund mobilization due to outbreak of COVID 19.The project promoters expected to finance the project through shareholders equity as well as loan.
- Delays in construction this was a result of delays in mobilizing funds.
- Delays in getting tax exemption for project capital goods which caused delays in importation of the machines.

The following were observed in the project site;

- The project has constructed all the building needed by the project, these include: administration block, processing building, storey building and water wells.
- Permanent water source at the site for production (bottling).

7. ISSUES OF CONCERN AND PVV FINDINGS ON THE REQUEST

The project promoters demonstrated delays in mobilizing fund and delays in getting tax exemption for the project capital goods as the main reasons for the delays in implementation of the project. These delays affected the project as follows:

- a) The project failed to start construction on time which made the delays in the implementation of the project.
- b) The project failed to purchase project machinery and other capital goods for the project on time
- c) The delays in getting tax exemption have affected the importation of the machinery and trucks for distribution of the products.

8. THE FUTURE PLANS

Upon TIC approval the project is expected to execute and implement the above targeted activities within a span of one (1) year expected completion of the above activities would be September 2022 depending on the approval and the project is expected to surpass the proposed project value:

- ✓ The company intends to start importation of the machinery which the list is already approved by TRA waiting for a valid TIC Certificate
- ✓ Continue with the application of tax exemption for distribution trucks which is pending at TRA waiting for a valid TIC certificate.
- ✓ Installation of machinery and start production immediately.
- ✓ Installment of electrical transformer at the project site.

9. RECOMMENDATIONS

To conclude we can say that, through an observation from the project site and based on the project verification done at Plot No. 1,2& 3 Block A,Usagara, Misugwi, we would like to recommend **one year extension** of this project. We believe the extension will stimulate further development and support the importation and installation of machineries for the project.

10. CONCLUSION

In view of the above findings, and with regard to the objectives of the visit, the PVV Team concludes subject to the conditions aforementioned under recommendation that:

- i. The company's on-going activities are in line with the investors' Certificate of Incentives No. **022290** issued in 2019
- ii. KAD industries has demonstrated serious undertaking of the project of which apart from COVID 19 and Ukraine War if given extension of one year may reach their targets.

We humbly submit,

Girson L. Ntimba (ZM – LZ)

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Linda Meshack (IPFO-LZ)

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APPENDICES



To conclude we can say that, through an observation from the project site and based on the project verification done at Plot No. 1,2& 3 Block A,Usagara, Misugwi, we would like to recommend **one year extension** of this project. We believe the extension will stimulate further development and support the importation and installation of machineries for the project.

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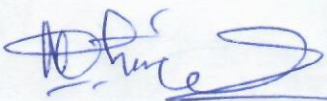
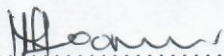
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