

TANZANIA INVESTMENT CENTRE

DIRECTORATE OF INVESTMENT FACILITATION



EASTERN ZONE

REPORT ON PROJECT VERIFICATION VISIT (PVV) TO KAIRUKI PHARMACEUTICALS INDUSTRY LIMITED CONDUCTED

AUGUST, 2022

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1.0 PROJECT PROFILE

Company Information				
S/N	Item	Description		
1.	Company Name	Kairuki Pharmaceuticals Industry Ltd		
2.	Project Location	Plots No's 190 - 196 located at Zegereni area in Kibaha Town Council, Coast Region		
3.	Projects' Core Activities	To establish and operate a project for manufacturing pharmaceutical products		
4.	Address & Mobile Number	P. O. Box 65300 Dar es salaam +255 717 171 500		
5.	Contact Person	Dr Muganyizi Kairuki – Principal Promoter		
6.	Shareholders	Name	Nationality	Shareholding
		Kairuki Health and Educational Network	Tanzanian	98%
		Kokushubila Kairuki	Tanzanian	2%

2.0 INTRODUCTION

2.1 History of the Company

Kairuki Pharmaceutical Industry Ltd of P. O. Box 65300, Dar es Salaam (hereinafter referred as investor) is a Limited Liability Company incorporated in Tanzania since 16th December 2015 with Certificate of Incorporation number 122371. The Company is registered with TIC and granted Certificate of Incentive No.015068 dated 19th February 2018 valid up to 31st January 2021, and was extended for one year until 13th May 2022. The Company principal business is to establish a project for manufacturing of pharmaceutical products in form of large volume parenteral-intravenous infusion. This factory is near completion, as construction progress is almost 95%.

According to progress report submitted on May 2022, the Investor has implemented the following activities;

- i. Construction work on progress;

Building	Work in Progress	Percentage
Factory warehouse	Finishing	95
Storage godown	Finishing	95
Office Block	Finishing	95
Hotel & Cafeteria	Finishing	95
Waste water treatment tank	Foundation	95
Boiler House	Finishing	95
Changing Room	Finishing	95
Fence & Gates	Skimming and paint	95
1000m ³ water tank	Interior Paint	100
Power House	Natural Gas piping	75
Security House	Skimming and Paint	80
Landscape	Base to receive paving block, garden	46

- ii. Products Registration
 - a) Registered Products

- Sodium Chloride (0.9%w/v) 500mls (NS)
- Compound Ringer Lactate 500mls (RL)
- Dextrose (5%w/v) & Sodium Chloride (0.9w/v) 500 (DNS)
- Dextrose (5%w/v) 500mls (D5)
- Dextrose (10%w/v) 500mls (D10)
- Sodium Chloride (3%w/v) 500mls

b) Registration in Progress

- Dextrose (50%w/v) 100mls (D50)
- Fluconazole (0.2%w/v) 100mls I.V
- Ciprofloxacin (0.5%w/v) 100mls I.V
- Metronidazole (0.5w/v) 100mls I.V
- Sterile Water for irrigation 500mls
- Mannitol (20%w/v) 500mls

- iii. Machine installation has been 90% with some machines not yet imported, those not imported include Back Steam Boiler, CNG Piping and Daughter Station installation, Factory Power Backup System and Godown Ventilation system.

2.2 Geographical location

The project is located at plots No.190 - 196 in Zegereni Industrial Area which is within Kibaha Town Council, Pwani region, about 30km from the Council via Dar es Salaam–Morogoro road.

3.0 PROJECT VERIFICATION VISIT (PVV)

On 10th June, 2022 Kairuki Pharmaceutical Industry Ltd applied for extension of Certificate of Incentive for One-year period by letter with reference number KPIL/TIC/EM/1/2022 dated 10th June 2022, due to expiration of previous Certificate of Incentive No.015068 on 13th May 2021.

On 10th August, 2022 a TIC officer from Tanzania Investment Centre **Mr. Fidelis Obanga**, revisited the company's submitted documents for verification purposes

because, Kairuki Pharmaceuticals Industry Limited has been visited many times in this year and the factory progress is very promising.

3.1 Objective of the visit

The main objective of the project verification visit (PVV) was to verify the project development status which would justify the reasons for Certificate of Incentives extension application.

3.2 Specific Objectives

The followings were specific objectives for the visit;

- i. To interview and gather information from the applicant regarding Certificate of Incentive extension application.
- ii. To take copies of relevant document /photos as evidence for Certificate of Incentive extension application.
- iii. To conduct visit in the site to verify progress of construction activities. Findings of the team will facilitate the management to make decision whether the Company qualifies for extension of Certificate of Incentives or not.

4.0 FINDINGS AND/OR OBSERVATIONS

Team of officer from TIC observed the following during PVV: -

- i. Construction activities are almost complete;
- ii. Machines has been installed and started production of some of the products;
- iii. Kairuki Pharmaceutical Industry Limited has enjoyed one-year extension of their certificate and remained with another year of extension.
- iv. Corona pandemic caused delay of other machines for almost half a year, as machines installation was planned since February 2020, but started in September 2021 due lock down on various countries and International flight restrictions/ limitations all over the globe.
- v. Poor road infrastructure, nearly 5 km which connects the factory and the main road is impassable especially during rainy season. It is difficult to transport highly sensitive machines and may cause some delays.

4.1 Major Challenges towards failure to timely completion of the project

Progress report perusal portrayed that despite the development which has been implemented on the ground, the following reasons have resulted to delays in completing of the project: -

- i. Corona pandemic caused delay of machines which were constructed in China (as per user requirement specifications). The machines were supposed to be installed on February 2020 but delayed up to October 2021;
- ii. Upon importation of the machines, the consignment could not be delivered on project site timely, as some of the trucks carrying cargo containers, were stuck on muddy rough road along Zegereni – visiga access road.
- iii. There were substantial delays on clearance of various machines like Gas Generators, Air Handling Unit (AHU), Pharmaceutical clean room materials which was caused by mis-conceptions of respective items hence their harmonized System (HS) codes.
- iv. The area does not have a steady and adequate electric power supply.
- v. There are four natural gas generators at the site with 350K each but can not operate, as negotiation and discussion are going on with TPDC for natural gas. The pending issue has led to another importation of diesel generator as a backup, which will in turn require more than twelve weeks for production and shipping.
- vi. Most of our local banks prefer to lend their money to ongoing/ established projects rather than start-ups or greenfield projects, especially high-risk pharmaceuticals manufacturing projects in their attempts to minimize risks.

5.0 RECOMMENDATIONS

- i. Project construction activities are underway though almost complete, and by physical observation, the investor is serious with the investment, since

according to Investment Act No.26 of 1997, allows the investor to enjoy the benefits of incentive package within five years of implementation, and so far Kairuki Pharmaceutical Industry as enjoyed for only four years, I recommend should the investor be granted another one year extension.

I submit,

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Mr. Fidelis Obanga