



INSPECTORATE TANZANIA LIMITED

BUSINESS PLAN / FEASIBILITY STUDY

2025

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1. INTRODUCTION

This business plan and feasibility study (the Business Plan) is submitted by INSPECTORATE TANZANIA LIMITED (the Company) in support of its application for a Certificate of Incentives under the Tanzania Investment Act, 2022. It has been prepared exclusively for the benefit and internal use of the Tanzania Investment Centre (TIC) to whom it is directly addressed and delivered in order to assist the TIC in evaluating the Company's application.

This Business Plan contains information that is confidential and proprietary to the Company and its shareholders. Accordingly, neither this document nor any of its contents may be disclosed or used for any other purpose without the prior written consent of the Company.

1.1. Formation and Legal Status

INSPECTORATE TANZANIA LIMITED was registered on 15th August 2012 under Tanzanian Laws and issued certificate of incorporation. No. 93011 and it has been in operation since its incorporation.

1.2. The Company Objectives

The company's main business objectives include independent Commodity Inspection, Verification, Testing and related technical consultancy; Technical testing and analysis; Commodity Inspection, verification, warehousing; and other professional, scientific and technical activities.

By offering its services to other companies that have given it excellent reviews, the company has been able to gain credibility and trust.

1.3. Company Shareholding Structure

The company is currently owned by three shareholders, two of Kenyan nationality and one of Tanzanian nationality, with the two shareholders of Kenyan nationality together being the majority shareholders holding more than half of the company shares, thus making the company acquire foreign status.

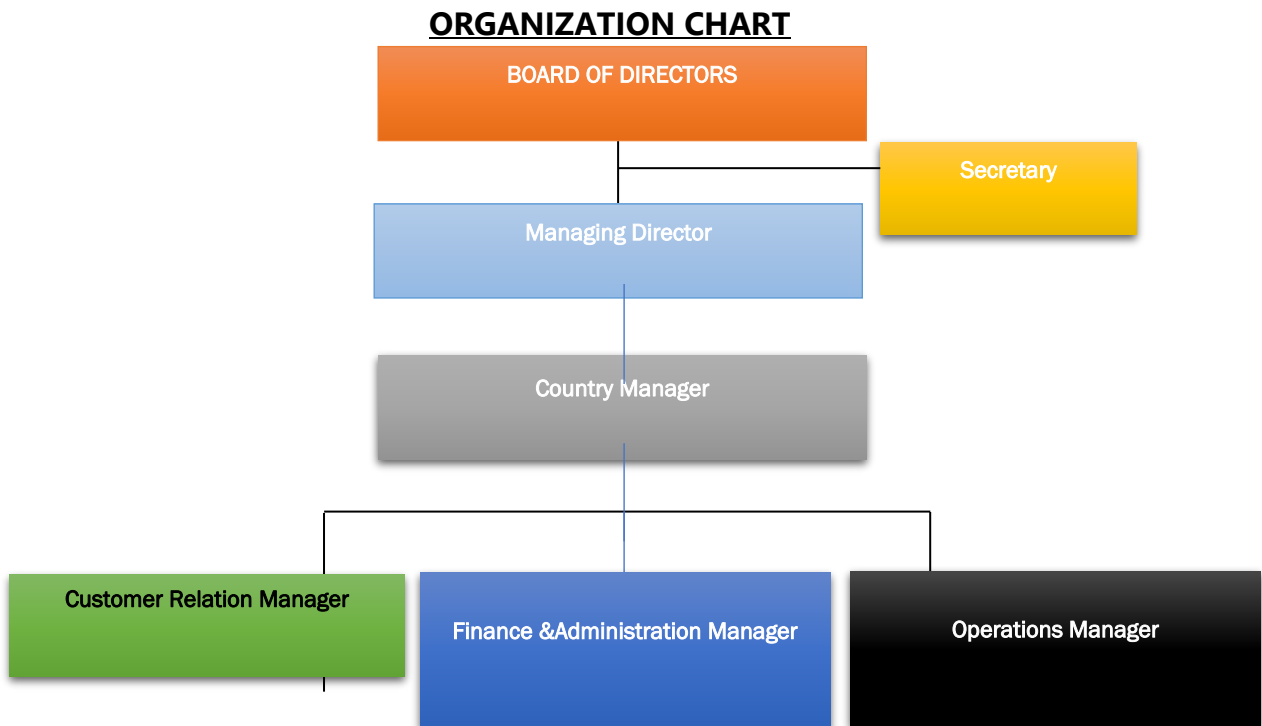
The company shareholding structure is as hereunder follows;

Share Holders	No of shares held	% of Share	Nationality
RAPHAEL SMAUG ILUNGA KYALO	525	52.5	Kenyan
SUSAN KANINI KYALO	225	22.5	Kenyan
ATHUMAN HAMIS KHAMA	250	25	Tanzanian

1.4. Expected Job creation

The Company will be under the Management with vast experience in managing various Commodity and Cargo inspections and testing, the overall in change regarding policy and business strategy will be the board of directors.

The Managing Director will be assisted by professional and experienced managers in areas of Inspection, Verification, Warehousing, Laboratory testing, and Operations, who will together with other managers, comprise the management team. One Hundred and fifty staff will be directly employed.



The summary of employees				
Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	2	15	30	47
Men	3	15	55	73
TOTAL	5	30	85	120

2. PROJECT OBJECTIVES

2.1. Introduction and Project Concepts

Quality assurance and compliance are two key principles that many business operators adhere to in the corporate world. It fosters trust and encourages business transactions among

individuals, corporate bodies, institutions and even nations. People want to do business with partners who are fully compliant and expect to receive business transactions that are in line with their needs.

Tanzania is one of the African countries with the fastest economic growth. The nature and number of business operations conducted within a country, among other factors, have a significant impact on economic growth. It is not only the country's good policies that attract investors, but also the availability of necessary supplements for concluding business transactions.

Tanzania, being in a busy Indian oceanic coastal region, is a hub for the import and export of various commodities and cargo, and it has been widely used with a number of African landlocked countries that wish to trade across the Indian Ocean. All of them must have assurance on the quality of commodities and cargo they import and export to ensure that specifications are met.

It is necessary for qualified professionals to inspect and test the commodity and cargo prior to importation or exportation in order to satisfy the quality requirements. The Company, being a professional cargo supervision company, came up with this project to facilitate commodity and cargo inspection and testing to be done in a timely manner.

The market survey carried out reveals that the current demand for commodity and cargo inspection and testing is higher than current supply. There is wide gap between supply and demand and therefore, business opportunities exist for setting up inspection and testing warehouse facilities together with a company office to satisfy the market requirements and getting closer to customers.

The proposed investment project will increase efficiency in commodity and cargo inspection and testing and, as a result, facilitate the faster export and import of cargo within and outside the country, attracting numerous traders who export and import cargo to and from different locations, making Tanzania an appealing location for commerce.

2.2. Services to be provided

Significant measures have been taken to liberalize the Tanzania economy so that to encourage private sector to take a lead in Tanzania economic growth; The Government of Tanzania embarked on adjustment program to give the private sector the leading role.

It is in view of the above; Inspectorate Tanzania Limited came up with a proposal to construct a modern office, testing laboratory and operate a modern warehouse for Commodity and Cargo inspection and testing together with the office for being closer to its customers.

It is expected that Office, warehouse and Laboratory construction will be completed within two years' time. Upon completion, the project will contribute significantly towards this Business sector and the Tanzania economy at large.

2.3. Project Vision and Strategic Objective

The proposed investment project aims to construct and operate a fully equipped Commodity and Cargo Inspection and Testing Facility & Warehouse, along with offices to enhance proximity to customers and improve service delivery.

By setting up this facility, we intend to:

- a) Enhance Efficiency: Improve the speed and accuracy of commodity and cargo inspections and testing, ensuring faster turnaround times for importers and exporters.
- b) Support Economic Growth: Contribute to Tanzania's growing role as a regional trade hub by ensuring that cargo meets both local and international standards.
- c) Close the Supply Gap: Address the current shortage of high-quality inspection services, helping to meet the rising demand in the region.
- d) Attract Trade and Investment: Create a more attractive business environment for international traders and logistics companies, increasing foreign direct investment in Tanzania's economy.

2.4. Project location

The project will be conducted on three different plots all located at Kigamboni Municipality in Dar es Salaam.

Two plots will be for construction of a warehouse while the remaining plot will be for office construction.

The plots which will be involved on the project are as follows;

No.	PLOT	INTENDED USAGE
1.	Plot No 224, Block "B", situated at Tuamoyo area, Kigamboni Municipality, within Dar es Salaam City.	Office
2.	Plot No.: 576, Block : "21" situated at Machava Area Kigamboni Municipal Dar es Salaam City	warehouse
3.	Plot No 575 Block 21 Kigamboni	warehouse

2.5. Project funding

The project will be fully financed by Inspectorate Tanzania Limited from its internal sources of funds.

2.6. Investor Profile

Share Holders	No of shares held	% of Share	Nationality
RAPHAEL SMAUG ILUNGA KYALO	525	52.5	Kenyan
SUSAN KANINI KYALO	225	22.5	Kenyan
ATHUMAN HAMIS KHAMA	250	25	Tanzanian

2.7. Company Management

2.7.1. Board of Directors

The Board of Directors is entrusted with overseeing the Company's long-term strategy and ensuring its continued growth and success. They are responsible for setting the Company's overall vision and goals, ensuring compliance with industry regulations, and safeguarding the interests of stakeholders.

The Board works closely with the executive team to monitor performance, approve key financial decisions, and guide the company's expansion into new markets. Their leadership ensures that the company remains competitive and innovative in all ways. Additionally, they foster accountability by overseeing executive leadership.

2.7.2. Secretary

The Secretary ensures that the Company's governance and regulatory requirements are effectively managed. This includes preparing agendas for Board meetings, taking minutes, and maintaining detailed records of all corporate decisions to ensure compliance with relevant industry standards, health and safety regulations, and environmental guidelines. Ensures all internal and external communications are accurate and timely to align with Company policies in order to meet its legal and operational obligations. The Secretary also ensures timely communication of important decisions and regulatory filings, supporting the Board in its decision-making and strategic planning processes.

2.7.3. Managing Director

The Managing Director (MD) is responsible for the overall leadership of the company, focusing on driving operational excellence and delivering high-quality commodity Inspection, verification, warehousing and laboratory services. The MD ensures that the business meets its strategic goals, from optimizing storage solutions to expanding laboratory capabilities. This includes overseeing the management of resources, logistics, and effective operation of warehouses, to foster innovation in laboratory services, such as testing and research. The MD works closely with the Board to implement key strategies, improve operational efficiencies, and respond to emerging

market trends and regulatory changes. The MD is also the key point of contact for the Board of Directors, stakeholders, and external partners, acting as a representative of the Company at all levels.

2.7.4. Country Manager

The Country Manager is responsible for overseeing the Company's day to day activities within the country or region.

He/she develops and executes localized strategies that drive business growth and ensure that the services meet the needs of local clients. This includes managing warehouses, ensuring compliance with local laws, and overseeing laboratory testing services in line with national industry standards.

The Country Manager builds relationships with local clients, regulatory bodies, suppliers, partners and stakeholders while ensuring that the company's operations align with global best practices. He also plays a critical role in driving the business towards its development and revenue growth.

2.7.5. Customer Relations Manager

The Customer Relations Manager (CRM) is responsible for ensuring that the company's clients receive exceptional services. This involves maintaining strong relationships with existing clients, addressing any service-related concerns, and ensuring high levels of customer satisfaction.

The CRM will also work closely with clients to understand their evolving needs, ensuring the company's services are tailored to specific requirements in the best favoured, accurate and timely manner.

Additionally, the CRM plays a key role in collecting customer feedback, identifying opportunities for improvement, and fostering long-term partnerships that drive customer retentions.

2.7.6. Finance and Administration Manager

The Finance & Administration Manager is responsible for managing the financial health of the Company, overseeing budgeting, forecasting, accounting, and financial reporting to ensure that financial resources are efficiently allocated to support the company's operations and managing cost optimization strategies.

The Finance Manager also ensures compliance with local tax regulations, industry-specific financial requirements, and oversees administrative operations such as procurement, human resources, and supply chain management. Their oversight ensures the company's financial stability and supports strategic decision-making.

2.7.7. Operations Manager

The Operations Manager is responsible for overseeing the day to day technical and operational aspects of the Company's activities. This includes ensuring that all laboratories, equipment and warehouse facilities are properly maintained, safe, and equipped with the latest technology for inventory management, security, and logistics optimization.

In the laboratory testing services area, the Operations Manager ensures that laboratory testing equipment are functioning correctly, and that health and safety standards are met. They collaborate with the MD and other department heads to ensure that technology solutions; whether for warehouse automation, inventory tracking, or laboratory testing align with the company's operational needs and goals, improving efficiency and service quality.

3. PROJECT MANAGEMENT

3.1. Project description

Tanzania, strategically located along the bustling Indian Ocean coastline, serves as a vital hub for the import and export of a wide range of commodities and cargo. Due to its geographical advantage, it is a critical gateway for several landlocked African countries seeking access to international trade routes. As the flow of goods increases, so does the demand for reliable and efficient services to ensure that imported and exported commodities meet the required quality standards.

To maintain the integrity of trade, it is essential for qualified professionals to carry out thorough inspection and testing of cargo before it enters or leaves the country. These quality assurance processes are crucial to ensure that shipments comply with national and international specifications, regulations, and safety standards. In response to this growing need, the Company, a professional cargo supervision company, has developed this project proposal to establish a dedicated facility for the timely inspection and testing of commodities and cargo. This initiative aims to address the increasing demand for quality assurance services, improve trade efficiency, and meet market needs in a rapidly evolving sector.

3.4. Targeted Markets

The project is designed to cater to a range of market segments, from high-end to mid-tier and smaller budgets. It targets both local and international clients who utilize Tanzanian ports and borders for the import and export of diverse goods and cargo.

3.4. Marketing Plan

Tanzania, with its strategic location along the Indian Ocean, serves as a critical gateway for international trade, particularly for landlocked countries in East Africa. As trade volume grows,

so does the need for efficient and reliable cargo inspection and testing services. Companies involved in importing and exporting goods require assurance that their products meet international standards, regulatory requirements, and safety specifications before shipment.

The existing infrastructure for commodity and cargo inspection is unable to meet the rising demand, creating a significant market gap. As a result, Inspectorate Tanzania Limited has identified a unique opportunity to offer high quality, timely inspection and testing services to meet the growing demand, particularly as businesses in Tanzania and the region strive to improve supply chain efficiency and compliance with international trade standards.

To effectively reach the demand for cargo inspection services, the marketing efforts will focus on the following primary target markets:

- a) **Exporters and Importers** - Companies engaged in the import/export of goods, particularly those dealing with agricultural products, industrial equipment, chemicals, electronics, and raw materials.
- b) **Freight Forwarders and Logistics Companies** - Businesses managing the logistics and transportation of goods across international borders.
- c) **Government and Regulatory Bodies** - Government departments, customs authorities, and regulatory agencies overseeing trade compliance and quality control.
- d) **Local Manufacturers and Producers** - Businesses that produce goods for both local consumption and export, such as manufacturers of textiles, food products, and raw materials

3.4. Pricing

Based on competitive analysis and the type of inspection services provided, the pricing can range from moderate to premium, depending on the complexity of the test or inspection.

3.5. Project Capacity

The proposed project will provide the following capacities serving both within Tanzania, and the neighboring countries;

- a) **Inspection Capacity**
 - i. Establishment of inspection facilities at key locations.
 - ii. Training, Capacity building and Deployment of qualified inspectors, specialists in various fields (agriculture, manufacturing, food safety, etc.),
 - iii. Technology: Use of advanced technologies like digital inspection tools, mobile inspection apps, or RFID systems for real-time monitoring.
- b) **Verification Capacity**
 - i. Development of procedures to verify the authenticity of goods, and quality control checks.
 - ii. Collaboration with recognized international bodies for verification processes.

c) Testing Capacity

- i. Establishment of state-of-the-art laboratories for testing various commodities (e.g., food products, agricultural goods, chemicals, and manufactured items) to ensure they meet local, industry and international standards.
- ii. Adoption of international standards (ISO, IEC, etc.) to guide testing procedures.
- iii. Ensuring that testing labs are duly accredited to perform internationally recognized tests.

d) Warehousing Capacity

- i. Building warehouses at strategic locations. These warehouses should be capable of storing a variety of goods, with specific zones for temperature-sensitive or hazardous items.
- ii. Implementation of advanced inventory management software to track goods in real time and ensure smooth logistics.
- iii. Ensuring the warehouses have robust security features, such as surveillance systems and access controls, to prevent theft or damage.

e) Regulatory Framework and Governance

- i. Ensuring that the inspection, testing, and warehousing processes align with regulatory, local, industry and global trade standards.
- ii. Coordination with relevant government agencies, private sector partners, and international organizations.

3.1. Supply and inputs

A key component of the success of the Company in providing reliable cargo inspection and testing services is ensuring a robust and efficient supply chain. The supply chain will be focused on sourcing necessary equipment, technology, and materials required to carry out inspections and laboratory testing services, as well as ensuring the availability of appropriately skilled labour.

To offer high-quality inspection and testing services, we will source the following key resources:

- a) **Inspection and Technology:** For effective testing and analysis of commodities, we will source equipment such as digital scales, chemical testing kits, moisture analyzers, and security scanning devices. Suppliers may include both local and international companies specializing in laboratory testing and industrial equipment, with options for both purchase and long-term leasing agreements.
- b) **Warehouse Infrastructure and Supplies:** The facility will be constructed using local suppliers for building materials, such as steel, concrete, and roofing, while ensuring

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compliance with Tanzanian building codes and safety standards. Additionally, sourcing warehouse infrastructure elements such as racking systems, security systems, and loading/unloading equipment will be part of the supply chain.

- c) **Employee Training and Certification:** To ensure that our inspectors and technicians have necessary skills and qualifications, we will collaborate with local and international training institutions for continuous education and certification programs, particularly in areas such as regulatory compliance, safety standards, and industry best practices.

With competition analysis, the market for cargo inspection and testing services in Tanzania is evolving, with several players offering services related to inspection, product quality testing, and certification. However, the existing supply of such services does not meet the growing demand for timely and reliable inspection and testing for commodities and cargo. The Company differentiates itself from the competition through several key factors:

- a) **Speed and Efficiency:** Unlike many competitors, we will offer fast, reliable turnaround times for inspections, reducing delays in the cargo handling process. Our proximity to the customer premises, combined with streamlined workflows and cutting-edge technology, will ensure faster processing of shipments.
- b) **Customer-Centric Approach:** We will focus on building strong, long-term relationships with customers. Our business model emphasizes excellent customer service, clear communication, and a high level of transparency in all inspection processes. Clients will receive real-time updates and reports through an integrated digital platform.
- c) **Flexibility and Scalability:** We will offer customized solutions tailored to the specific needs of our clients. Whether clients need routine inspections or more specialized testing, we will be able to scale our operations to meet their requirements. This level of flexibility is a key advantage over the larger multinational competitors who may not be as adaptable to local market conditions.
- d) **State-of-the-Art Technology:** We will invest in modern inspection and testing technologies to improve the accuracy and efficiency of our services. By utilizing automated systems and data analytics, we will provide more accurate, timely, and cost-effective results than our competitors.
- e) **Local Expertise:** Our team of experts will have in-depth knowledge of Tanzanian regulations, procedures, and market conditions. This local expertise, combined with our international network, will allow us to offer an unmatched level of service to both local and international customers.
- f) **Competitive Pricing:** By optimizing our operational processes and maintaining strong supplier relationships, we will be able to offer competitive pricing for inspection and

testing services. This will allow us to attract customers who seek high-quality services at an affordable price point.

4. ASPECT OF PROJECT SUSTAINABILITY

The sustainability of the Company's project is integral to its long-term success. By ensuring financial resilience, minimizing environmental impact, fostering social responsibility, and maintaining operational excellence, the company is committed to building a business that is both economically viable and beneficial to the local community and the broader region. Sustainability is not just a goal but a core value that will guide the company's operations, decision-making, and growth for years to come. The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The increasing stabilization of port operations and the expansion of business cycling in Tanzania provide them with assurance of a steady market. The peace and tranquillity that exist in Tanzania is another aspect of assured business sustainability.

5. MONITORING AND EVALUATION

The purpose of the Monitoring and Evaluation (M&E) system is to track the progress of Inspectorate Tanzania Limited's project and ensure that the company's operations, goals, and targets are being met effectively and efficiently. The M&E process will provide an ongoing assessment of performance against established benchmarks, enabling timely adjustments and improvements in service delivery. The key objectives of M&E are:

- a) To ensure the project stays within scope, time, and budget while achieving desired outcomes.
- b) To assess the quality and effectiveness of the services provided, including cargo inspection and testing services.
- c) To identify challenges and bottlenecks in operations and implement corrective measures.
- d) To measure the impact of the project on the local economy, customer satisfaction, and the broader business environment.
- e) To provide transparency and accountability to stakeholders, investors, and government authorities.

To ensure accountability, the findings from both monitoring and evaluation activities will be communicated regularly to stakeholders, including the Board of Directors, investors, and key partners. Reports will include:

- a) **Monthly and Quarterly Reports:** These will be submitted to senior management and will include detailed tracking of key performance indicators, financial performance, and operational updates.

- b) **Annual Progress Reports:** These will summarize the year’s accomplishments, challenges, financial status, customer feedback, and lessons learned, as well as propose corrective actions if necessary.
- c) **Final Evaluation Report:** At the end of the project’s first five years, a comprehensive final evaluation report will be prepared. This report will assess the project’s overall success, its impact on the market, and its sustainability, as well as make recommendations for future expansion or operational adjustments.

The success of Inspectorate Tanzania Limited project depends on a robust system of monitoring and evaluation that tracks progress, measures impact, and identifies areas for improvement. By implementing a clear and structured M&E framework, we will ensure that the project achieves its objectives, remains accountable to stakeholders, and continues to provide high-quality services to the growing import/export sector in Tanzania.

6. DETAILS OF INVESTMENT EXPENDITURE

The total capital investment for the establishment and operation of the company, which will be engaged in commodity Inspection, verification, warehousing and laboratory testing services, is anticipated to be **One Million United States Dollars (USD 1,000,000)**. This investment will be allocated across various key areas, including but not limited to:

- a) Infrastructure Development: Construction and setup of commodity Inspection, verification, warehousing facilities and laboratory testing spaces.
- b) Equipment and Technology: Procurement of necessary laboratory testing equipment, commodity Inspection, verification, warehousing machinery, and technology systems for inventory management and operations.
- c) Working Capital: Funds allocated to cover initial operational expenses, including staff salaries, utilities, and raw material procurement.
- d) Regulatory and Compliance Costs: Ensuring adherence to relevant industry standards and acquiring necessary certifications for laboratory testing and commodity Inspection, verification and warehousing operations.

The estimated capital investment cost of the project is US Dollar One Million (\$ 1,000,000.00) out of which US Dollar Four Hundred Seventy Thousand (\$470,000.00) will be for land and buildings, US Dollar Three Hundred Thirty Thousand (\$ 330,000.00) for Machinery and Equipment, US Dollar Two Hundred Thousand (\$ 200,000.00) as a working capital and others.

INVESTMENTEXPENDITURESTRUCTURE	
PARTICULAR	US\$

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Land and Buildings	570,000.00
Machinery & Equipment	230,000.00
Working Capital	200,000.00
TOTAL	1,000,000.00

The investment for the proposed project is structured into three key areas: land and buildings, machinery and equipment, and working capital. These components have been carefully considered to ensure the successful launch and sustainable operations of the business.

- a) **Land & Buildings (\$570,000)**; This allocation covers the purchase or lease of land and the construction of necessary buildings to house the operations. The investment in land and buildings ensures that the business will have a suitable and secure location for its operations, as well as adequate space for storage, commodity Inspection, verification, warehousing, and future expansion. The property will also provide the infrastructure needed for the smooth flow of operations and compliance with relevant regulations.
- b) **Machinery & Equipment (\$230,000)**; A significant portion of the investment will be used to acquire the necessary machinery and equipment required for day-to-day operations of the business. This includes specialized equipment to handle and process the goods and cargo being imported and exported. The investment in high-quality machinery will ensure operational efficiency, reduce downtime, and enable the business to meet industry standards for productivity and safety.
- c) **Working Capital (\$200,000)**; The working capital allocation is designed to cover the day-to-day operational expenses of the business, including salaries, utilities, inventory management, raw materials, and other short-term financial needs. Additionally, a portion of this working capital will be dedicated to ensure compliance with regulatory requirements, including obtaining necessary licenses, permits, and certifications for the business operations. This portion of the investment will provide the liquidity required to maintain smooth operations, especially in the initial stages, and ensure that the business can meet its financial obligations while maintaining a stable cash flow.

7. PROJECT FINANCIAL AND ECONOMIC ANALYSIS

7.1. Economic Analysis

7.1.1. General Themes

As Tanzania continues to serve as a regional trade hub, the need for high-quality inspection and testing services is paramount as well as providing commodity Inspection, verification, warehousing services. By providing these services, the Company will contribute to enhancing

trade efficiency and supporting Tanzania’s growing role as a gateway for goods to landlocked countries and the wider East African and Southern African regions.

7.1.2. Macro Themes

Tanzania is one of the fastest-growing economies in East Africa, with an annual GDP growth rate of around 6-7%. The country is undergoing significant transformation, with investments in infrastructure, energy, and industrialization. Key sectors driving this growth includes agriculture, mining, manufacturing, and construction. The growing middle class and expanding consumer market further fuel demand for goods and services, which directly impacts the demand for efficient inspection, testing and commodity.

7.1.3. Business Rationale

Tanzania’s strategic position as a key trade hub in East Africa, coupled with its growing imports and exports, creates a significant demand for commodity and cargo inspection and testing services. The Port of Dar es Salaam, one of the busiest ports in the region, handles a high volume of international shipments, necessitating robust inspection and testing services to ensure compliance with customs, safety, and quality standards.

The current demand for inspection services is notably higher than the supply, with several key regions, particularly inland logistics hubs, under-served. Despite existing players in the market, there is a clear gap in availability, timeliness, and geographic coverage, creating a unique opportunity to enter and capture significant market share.

7.1.5. Tanzania Market Entrance

The current demand for commodity and cargo inspection and testing services in Tanzania significantly exceeds supply, creating a profitable market opportunity. Setting up inspection and testing warehouse facilities, along with strategically located company offices, would help fill this gap, offering customers faster, more reliable services while capturing significant market share.

7.1.5. Timing of Market Entrance

There is an increasing demand for inspection and testing services in Tanzania due to higher import/export activity and a shortage of available supply. This indicates a favourable market entry window. Tanzania’s economy is experiencing steady growth, especially in sectors like agriculture, mining, and infrastructure. With these industries being key drivers for inspection and testing services, the outlook remains positive.

8. FINANCIAL PROJECTIONS FOR THE NEXT FIVE YEARS

<h3>Financial Projections for the Next Five Years</h3>
<h4>Summary Profit & Loss Statement</h4>
(All amounts in USD)

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Account Description	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
Commodity Inspection Revenue (10% growth)	1,056,678	1,162,346	1,278,580	1,406,438	1,547,082
Inspection & Testing Revenue (10% growth)	850,011	935,012	1,028,513	1,131,364	1,244,501
Total Revenue	1,906,689	2,097,358	2,307,093	2,537,802	2,791,583
Cost of Goods Sold (COGS)					
Direct Costs for Testing/Inspect (10% growth)	301,886	332,075	365,283	401,812	441,993
Warehouse Operational Costs (10% growth)	40,479	44,527	48,979	53,877	59,265
Total COGS	342,365	376,602	414,262	455,689	501,258
Gross Profit	1,564,324	1,720,756	1,892,831	2,082,113	2,290,325
Operating Expenses					
Salaries and Wages (10% growth)	214,750	236,225	259,847	285,832	314,415
Depreciation (Straight-line at 5%)	2,637	2,901	3,191	3,510	3,861
Marketing and Advertising (10% growth)	20,957	23,053	25,358	27,894	30,683
Insurance, Utilities & Others (10% growth)	65,000	71,500	78,650	86,515	95,167
Total Operating Expenses	303,344	333,679	367,047	403,751	443,126
Operating Income (EBIT)	1,260,980	1,387,077	1,525,784	1,678,362	1,847,199
Other Income	10,000	11,000	12,100	13,310	14,641
Earnings Before Tax (EBT)	1,270,980	1,398,077	1,537,884	1,691,672	1,861,840
Taxes (Flat rate 30%)	381,294	419,423	461,365	507,501	558,552
Net Income	889,686	978,654	1,076,519	1,184,171	1,303,288

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Pro Forma Balance Sheet					
(All amounts in USD)					
Account	Year 1	Year 2	Year 3	Year 4	Year 5
Fixed Assets					
Opening Balance	102,680	105,317	108,218	111,409	114,899
Add: CapEx (10% growth)	91,968	101,165	111,281	122,409	134,650
Less: Depreciation (5% annually)	-2,637	-2,901	-3,191	-3,510	-3,861
Closing Balance	192,011	203,581	216,308	230,308	245,688
Working Capital (10% growth)	227,872	250,659	275,725	303,298	333,628
Accumulated Cash	1,080,650	1,169,715	1,266,000	1,369,785	1,481,364
Total Assets	1,500,533	1,623,955	1,758,033	1,903,392	2,060,680
Financed By					
Equity (10% growth)	500,000	550,000	605,000	665,500	732,050
Retained Earnings (Net Profit)	889,686	978,654	1,076,519	1,184,171	1,303,288
Total Equity	1,389,686	1,528,654	1,681,519	1,849,671	2,035,338
Long-term Debt (15% repayment)	110,847	95,301	76,514	53,721	25,342
Total Liabilities and Equity	1,500,533	1,623,955	1,758,033	1,903,392	2,060,680

Sources and Applications of Funds					
(All amounts in USD)					
Account Description	Year 0	Year 1	Year 2	Year 3	Year 4
Sources					
Profit before interest & depreciation (10% growth)	267,129	292,677	321,944	354,138	389,551
Equity (10% growth annually)	500,000	50,000	55,000	60,500	66,550
Loan (15% repayment annually)	100,000	85,000	75,000	60,000	40,000
Total Sources	867,129	427,677	451,944	474,638	496,101
Applications					
Capital Expenditure (10% growth)	91,968	101,165	111,281	122,409	134,650
Working Capital & Others (10% growth)	227,872	250,659	275,725	303,298	333,628
Tax (30% rate)	55,064	62,913	69,589	76,305	83,866
Cash	492,225	13,940	-4,350	-27,374	-56,043
Total Applications	867,129	427,677	451,944	474,638	496,101

Summary Cash Flow statement		
Section	Amount (USD)	Details and Explanation
Operating Activities		
Profit Before Tax	108,561	Taken from the Profit & Loss Statement.
Depreciation	2,637	Non-cash item added back to cash flow.
(Increase) in Trade Receivables	-202,047	Cash outflow due to extended credit terms.
Increase in Trade Payables	128,051	Cash inflow from delayed payments to creditors.
Tax Paid	-12,692	Cash outflow for taxes paid.
Net Cash from Operating Activities	24,510	Positive cash flow driven by profit and efficient working capital management.
Investing Activities		
Purchase of Fixed Assets (CapEx)	-38,320	Outflow for property, plant, and equipment acquisition.
Net Cash Used in Investing Activities	-38,320	Reflects investment focus in assets.
Financing Activities		
Dividends Paid	-8,333	Cash outflow for dividend distribution.
Net Cash Used in Financing Activities	-8,333	Reduction in cash due to dividend payments.
Net Change in Cash	-22,143	Operating cash inflow offset by higher investing and financing outflows.
Opening Cash Balance	136,261	Cash at the start of the year.
Closing Cash Balance	114,118	Remaining cash balance at the end of 2023.

9. CAPITAL INVESTMENT RATIO

Capital Expenditure Analysis and Capital Investment Ratio Workings for Inspectorate Tanzania Limited (2023)

Data from the Audited Financial Statements (2023)

- **Capital Expenditure (CapEx):** TZS 91,967,800 (from additions to property, plant, and equipment).
- **Net Income:** TZS 205, 282, 578.
- **Revenue:** TZS 2,534,026,985.
- **Non-Current Assets:** TZS 245,805,764 (2023), up from TZS 133,612,135 (2022).
- **Depreciation:** TZS 6,329,08

Workings for Capital Investment Ratio

Formula:

$$\text{Capital Investment Ratio} = \frac{\text{Capital Expenditure (CapEx)}}{\text{Net Income}}$$

Calculation:

$$\text{Capital Investment Ratio} = \frac{91,967,800}{205,282,578} = 0.448 \text{ or } 44.8\%$$

Supporting Metrics

1. CapEx-to-Revenue Ratio:

$$\text{CapEx-to-Revenue Ratio} = \frac{\text{CapEx}}{\text{Revenue}} = \frac{91,967,800}{2,534,026,985} = 3.63\%$$

2. Depreciation-to-CapEx Ratio:

$$\text{Depreciation-to-CapEx Ratio} = \frac{\text{Depreciation}}{\text{Revenue}} = \frac{6,329,087}{91,967,800} = 6.88\%$$

Observations

1. Capital Reinvestment:

- The **44.8% Capital Investment Ratio** reflects substantial reinvestment of earnings into fixed assets, mainly for future growth or operational enhancement.

2. Revenue Impact:

- With a **CapEx-to-Revenue Ratio of 3.63%**, the company demonstrates a conservative approach to reinvestment relative to its revenue size.

3. Asset Age and Efficiency:

- A **6.88% Depreciation-to-CapEx Ratio** indicates that most of the assets are relatively new, given the low depreciation compared to CapEx.

4. Non-Current Asset Growth:

- Non-current assets grew by approximately 83.94% (from TZS 133,612,135 in 2022 to TZS 245,805,764 in 2023), suggesting a focus on long-term asset acquisition.

10. ECONOMIC ASPECT

Implementation of this project will bring substantial economic benefits to the region, both in the short and long term.

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	BENEFIT	IMPACT
1.	Job creation	Direct creation of 125 jobs in Year 1, increasing to 250-300 by Year 5
2.	Economic Diversification	Strengthens the regional economy by diversifying industrial and service sectors
3.	Value-Added Services & Supply Chain Efficiency	Enhances efficiency in commodity Inspection, verification, warehousing, inventory management, and product testing for various industries
4.	Increased Tax Revenues	Corporate tax, VAT, and payroll taxes contributing to government revenue
5.	Attraction of Further Investment	Increased local and foreign investment in the region
6.	Transfer of technology	Transfer of technology, knowledge and skills to the local commodity and cargo inspection and testing industries.
7.	Multiplier Effects	Stimulates local economy through spending by suppliers, employees, and customers
8.	Environmental and Social Responsibility	Promotes sustainability and corporate social responsibility, improving long-term competitiveness

11. MARKET STUDY

As part of the development of the business plan, the Company conducted an analysis to ascertain the viability of the proposed investment. Details of the key findings are highlighted below:

11.1. Industry Overview

a) Industry Size & Growth Rate:

The commodity and cargo inspection and testing industry in Tanzania is a critical part of the logistics and trade sectors. Tanzania, being a major port in East Africa with access to the Indian Ocean through the Port of Dar es Salaam, is experiencing steady growth in import-export activities. Additionally, the growing infrastructure development and investments in transport (rail, roads, and air) are expected to further boost the demand for inspection and testing services.

b) Market Size:

Tanzania's logistics industry, including inspection and testing services, is expected to grow at an annual rate of **6-8%** in the coming years, driven by both regional trade agreements like the **East African Community (EAC)** and international trade growth.

c) Growth Drivers:

- i. Increased volume of imports and exports, particularly in commodities like agricultural products, chemicals, machinery, and oil.
- ii. **Tanzania's strategic location** as a regional trade hub for landlocked countries (e.g., Zambia, Rwanda, Uganda, and Burundi) further fuels the demand for cargo inspection.

11.2. Projected Demand

Demand is expected to grow steadily in the coming years, especially as the Tanzanian government and private sectors continue to invest in infrastructure and regional trade agreements. There is also an increase in public-private partnerships (PPPs) in logistics, further driving the demand for comprehensive inspection and testing services.

Tanzania's export market (especially minerals, agricultural produce, and manufactured goods) is expected to increase by 10-12% annually over the next 5 years, leading to greater demand for inspection services.

The growing focus on supply chain transparency, customs compliance, and quality control will continue to push demand for these services.

11.3. Supply and Competitor Landscape

Despite the growing demand, there is currently a significant gap between the need for inspection/testing services and the capacity of existing providers. This is especially true for

specialized services such as hazardous material inspection, certification for agricultural products, and cargo quality testing. This results in delays and inefficiencies in addressing the growing demand from businesses that deal with large volumes of goods.

11.4. Regulatory Considerations

11.4.1. Government Regulations

The Tanzanian government has been actively improving trade facilitation and has stringent regulations regarding cargo inspection, quality control, and customs compliance. Compliance with Tanzania Revenue Authority (TRA) regulations, ISO standards, and regional trade agreements (EAC, SADC) is critical.

11.4.2. Quality Control Standards:

- a) There is an increasing emphasis on international certification and quality control, which creates an opportunity to establish services tailored to meet both local and international inspection standards.
- b) Potential regulatory changes related to environmental impact (e.g., stricter emissions or packaging requirements) could further drive the demand for inspection and certification services.

12. EXPECTED EMPLOYMENT GENERATION

The Company’s business plan provides for an overall head count of 120 with at least 115 of the roles being filled by Tanzanian nationals and up to 5 international assignees.

13. IMPLEMENTATION SCHEDULE

Project implementation is expected to be relatively very short. Once project has been approved it is estimated that construction of Laboratory testing will be completed within one year: -

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	March 2025
2	Processing derivative right Application	April 2025-March 2026
3	Laboratory testing construction	April 2026-March 2027
4	Procurement machines and other technical facilities	March 2027-June2027
5	Recruitment	June 2027
6	Technical testing and in house training	July 2027- August 2027
7	Commercial operations	August 2027