

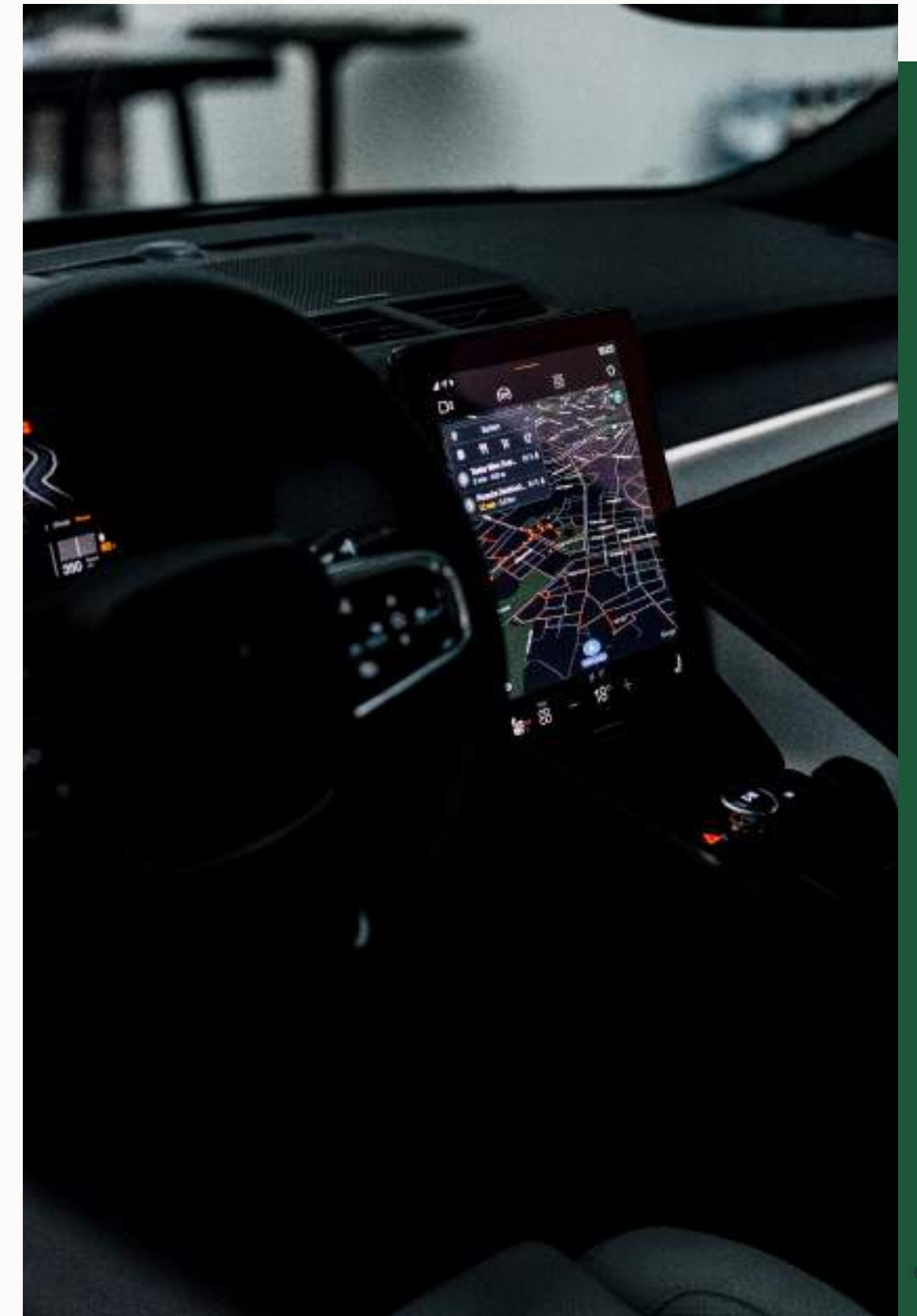


# CONCEPT NOTE



# Content

1	Project Summary
2	Company Overview
3	Purpose of the Project
4	The Markets
5	Sales Targets
6	Marketing Plan
7	Manufacturing Methods & Technology
8	Management & Manpower
9	Finance Projections
10	Risks & Challenges
11	Sustainability
12	Key Assumptions
13	Conclusion



# Project Summary

Project Name	TANNOVA ENERGY LIMITED
Sector	Manufacturing
Brief Project Description	<p>The company is established to respond to the global need to reduce green house gas emissions, by manufacturing lithium batteries and assembling of electric two and three wheelers to provide electric mobility in the country as a green alternative to gasoline-powered (conventional) wheelers. Tannova is the first company to manufacture lithium batteries in Tanzania, set up to stimulate the industry and promote further investment in the area.</p>
Project Implementation Period	January 2024 - December 2028
Financing Required (Green Fund)	US\$ 2,000,000 to be re-paid in five (5) years
Financing Plan	50% Debt; 50% Equity

# Project Summary

Project Name	TANNOVA ENERGY LIMITED
Project Costs	Total project costs: US\$ 4,000,000 (Initial investment done US \$ 2,000,000 + Loan Required US\$ 2,000,000)
Initial Investment Done	Total: US\$ 2,000,000 machineries - US\$ 450,000; Materials - US\$ 500,000 (4 months) ; Land and Building US\$ 1,050,000.
Collateral consideration	Secured through Oasis Financial Services (Holding company); with steady cash flows and income streams. Oasis' asset base is worth US\$ 3,300,000
Project Feasibility	Parallel benchmarking to a similar successful counter part in India (Helios Batteries)
Project Risk	Medium to Low
Sustainability	E-mobility provide sustainable transportation; Tannova being among pioneers in Tanzania

# Project Summary

Project Name	TANNOVA ENERGY LIMITED
Project's Sponsor	Oasis Group's CEO – CPA Stambuli Myovela
Management	CEO & MD –Eng. Sabareesan Parasumany General Manager– Eng. Satish Eranna Manager - Technical Services – Eng. Santosh Venkart Finance and Administration Manager- CPA Anasia Machege Marketing & Operations Manager – Dhanarshan Rasway
Project Leader	Joseph N. Massawe
Project Management Members	Manufacturing Engineer – Eng. Prashanth Kumar Lithium Battery Technician – Azhagappan Shankar Finance Specialist – CPA Roland Kavishe Logistics Specialist – Salome Mnzava Marketing Specialist – Juma Kondo
Corporate Governance	Ongoing: appointment of Board of Directors (and the Audit Committee); establishment of the Organization Chart; preparation of company's policies and guidelines ( e.g. HR policy, Accounting manual, Risk Register etc.)

# Company Overview



**TANNOVA ENERGY LIMITED (Tannova)** is a limited company established under Companies Act 2002 ,Cap 212. It is a subsidiary company of Oasis Financial Services Limited with an approximately projected turnover (2023) of US\$ 3,320,435.12. Oasis Financial Services Limited comprise of four (4) other companies as listed below:

- Oasis Financial Services Limited (tax consulting services): established on 3rd March, 2014 mainly dealing with Tax Advisory Services. Annual turnover approx. for 2023 US\$ 500,000.
- Agrioasis International Limited (Payless Energy Limited) – established on 20th November, 2021 dealing with importing and selling wholesale petroleum products. Annual turnover approx. for 2023 US\$ 321,987.
- Tera Automobile Limited – established on 21st February, 2020 dealing with importing and selling used cars. Annual turnover approx. for 2023. US\$ 2'400'000
- Payless Logistics Limited - established on 7th August, 2015, dealing with Clearing and Forwarding services. Annual turnover approx. for 2023., US\$ 87,847.

# Purpose of the Project

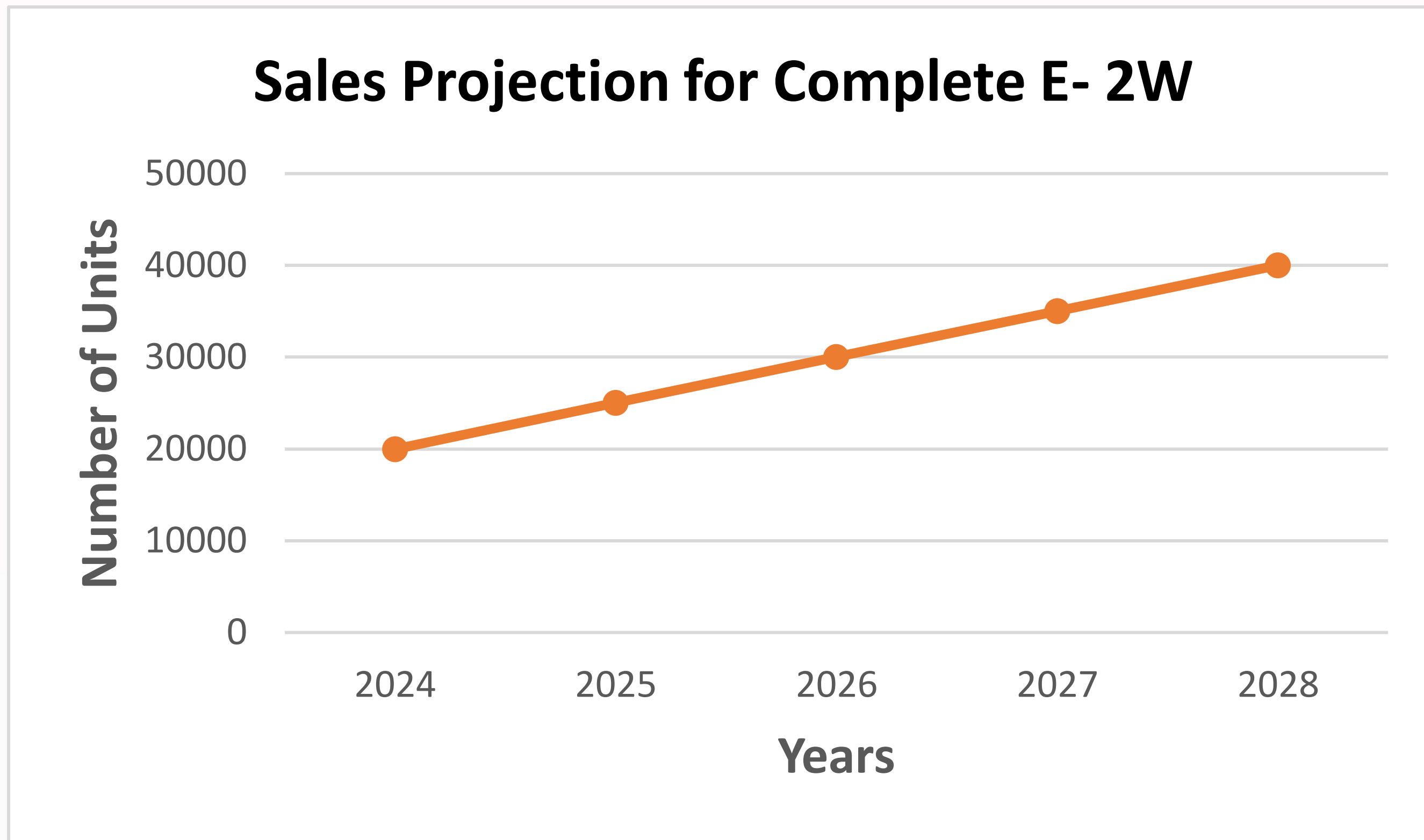
- Tannova is established to carry out manufacturing of lithium batteries and assembling of electric two and three wheelers (popularly known as boda boda and tuktuk respectively). The establishment of Tannova is expected to be one of its kind, being the first in Tanzania (and East African and Southern Africa regions) to manufacture Lithium batteries. The purpose of the company is to provide electric mobility solutions in a responsive, creative and responsible manner.
- Manufacturing own lithium batteries would be a powerful competitive advantage, since battery costs make 60% of production costs of the wheelers, resulting into lower production cost. The cost of making lithium batteries is expected to reduce further as Tanzania witnesses establishments of lithium and graphite mining projects e.g. Uranex (Magnis) in Ruangwa, Lindi.
- The company will contribute towards the government's and global efforts to reduce greenhouse gas emissions, In line with the Sustainable Development Goal (SDGs) no 13 which calls for urgent action against global climate change.

# The Market



- A report developed by the Africa E-Mobility Alliance, supported by the United Nations Environment Programme suggests that Tanzania Electric Vehicle Market has 10,000 electric two wheelers and 3,000 electric wheelers in sales and stock in year 2023:
- The use of two and three wheelers has become significant in Africa region; not only as the means to “last mile” deliveries, but for supplementing other means of public transport, both in rural and urban areas. In Tanzania, the number of imported wheelers has increased from 52,015 units in 2007 to 1.5 million units in 2020, and the trend continues.
- E-wheelers eliminates fuel cost of approximately US\$11 per day, providing a cost saving to the tune of 41%. This is very attractive to the price-sensitive market like Tanzania
- Increased access to credit contributes to increased demand of the wheelers; as politicians, government, banks (SME lending) etc. make use of the e-wheelers as an opportunity for creating youth employment.
- The need to gradually phase out conventional (gasoline – powered) wheelers which produce 75% higher lifecycle greenhouse emissions. Electric mobility provides sustainable transportation

# Sales Targets



# Marketing Plan

As the company seeks to become a market leader in the region, it will deploy a rigorous marketing plan across the 7 Ps of marketing: Product, Pricing, Promotion, Placing, People, Processes & Physical Evidence. For example, the company is organizing for a grand launch event to be held on January, 2024 in Dar Es Salaam. To meet customers' demands, the company has segmented the market as follows:

- B-2-B: companies which need wheelers as part of the fleet management such as Utility companies (DAWASA, TANESCO, TTCL etc.) and deliveries companies (UPS, GHL, FeDEX, TUTUME, Piki, etc.).
- Dealers and distributors
- Battery swapping stations: the company will collaborate with other businesses to customers access to fully charged batteries
- Charging stations: this will be designed to serve the electric mobility industry at large (including customers from other companies)
- Export (regional) market

Different marketing solutions are devised to suit each market segment




# Manufacturing Methods & Technology

Tannova is applying the state of art manufacturing methods and technology from Helios Batteries, for producing Lithium batteries, The technology typically involves:

- **Automation:** The use of robotics and advance machinery for efficient and precise manufacturing process.
- **Precision Engineering:** High-Precision Manufacturing techniques to ensure the quality and consistency of the product.
- **Battery Chemistry:** Advance battery chemistry and materials that enhance performance, energy density and cycle life.
- **Quality Control:** Robust quality control system to ensure that each battery meets stringent performance and safety standards.
- **Innovation:** Development and integration of innovative technologies that might include improved battery management system, Safety features and efficient process.
- **Kaizen Methodology** to ensure robust quality assurance system

The technology is patented in India's market; and the Trade Mark will be registered in Tanzania.

For assembling two and three electric wheelers, the company uses the technology from Jiangsu Zhongsing Motorcycle Co. Ltd.

A decorative graphic in the bottom right corner consisting of a series of parallel diagonal lines and a solid dark green circle.

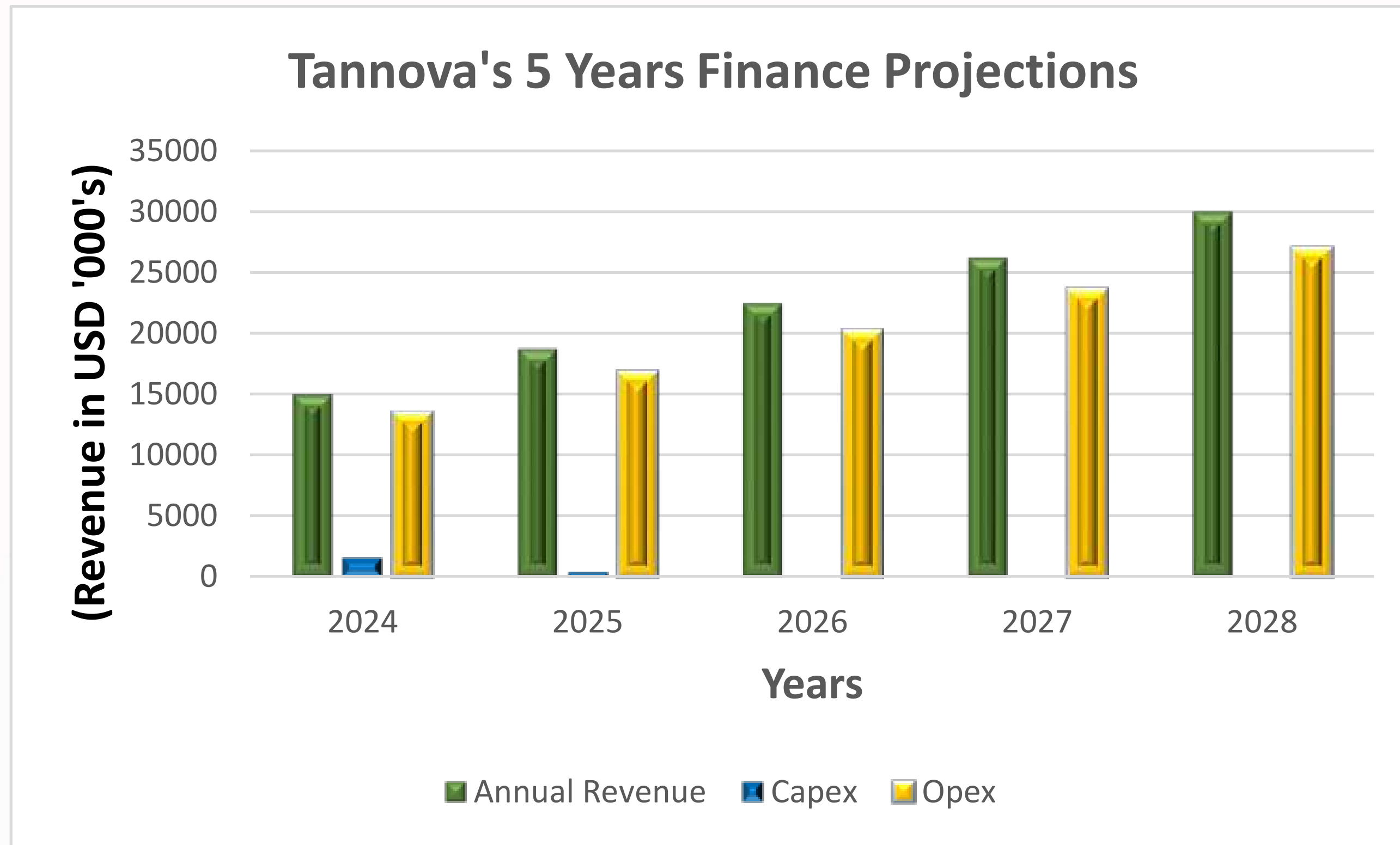
# Management & Manpower



**Tannova has a strong Management team with relevant skills and expertise. During the first year of operation, the company is expected to hire approximately 100 staff in various capacities such as:**

- Experienced and qualified engineers from India to manage the manufacturing plant
- Experienced marketing & sales specialist to achieve sales targets
- Qualified Accountant/Finance specialist to manage the finance of the projects
- Qualified Human Resources Officer to manage the human capital
- Qualified Logistics Officer to handle all logistics issues
- Legal Officer to handle all legal issues
- Experienced technicians to carry out manufacturing and assembling processes
- Unskilled labour for production lines

# Financial Projections



# Project Risks/Challenges



- **Lack of extensive charging infrastructure:** Tanzania like many other African countries, has not yet established noticeable electric vehicle (EV) charging infrastructure network. Tannova plans to invest USD 400m in year 2024 to establish some charging and battery swapping stations across the country.
- **Limited access to electricity in some rural areas:** Despite the GoVT efforts to provide electricity services in rural areas, the target to reach out the entire country has not yet been attained, limiting usage of electric mobility in some areas. It is however, anticipated that by 2025 all villages in Tanzania will have access to electricity.
- **Limited experience in export business:** Tannova's strategic plan is to diversify in export markets. Export markets are characterized with some inherent risks including credit & political risks. Where applicable, the company will insure its export sales. As a long term plan, the company is seeking a Joint Venture with an experienced foreign company to minimize the learning curve.
- **Foreign exchange risk** As the credit is in foreign currency, the company is exposed to foreign exchange risk. The risk will be hedged mainly by regional sales targeted at 10% of total sales volume per annum.
- **Low customer awareness:** E-wheelers is a new technology. It will require extensive marketing to gain the market
- **Government policies and incentives not yet formulated:** The government has not yet worked out definite policies to support the industry

# Sustainability



**Electric mobility is coupled with extensive economic, social, environmental and governance benefits such as:**

- No production of greenhouse emissions, contribution to reducing carbon foot print
- Reducing air pollution and hence reducing health problems related to air pollution
- ESG criteria: the company meets ESG global requirement for sustainability, hence attracting responsible investors like International Finance Corporation
- The technology has potential to improving and creating job opportunities; contributing to betterment of the societies. Tannova is expected to create a minimum of 100 direct employments in the its first year of operations, with many other jobs arising from backward and forward linkages in the value chain.
- The government collects revenues

# Key Assumptions




- Over the whole period of the plan, the company will produce high quality batteries and e-wheelers as per originated technology (Hellios Batteries from India & Jiangsu Zhongsing Motorcycle Co. Ltd from China))
- The company will maintain high quality management to execute the strategy
- The prices offered will remain competitive at all the time in line with the market conditions. This is a cautious market strategy to allow Tannova gain loyalty as the market leader in the country
- The company will carefully segment the customers, to deliver products and/or services to meet specific demands
- The company will effectively manage the business performance to ensure the vision is achieved
- The company will have a robust risk and control strategy to minimize the risks of not achieving the vision
- Political, economical and regulatory frameworks from the government and other International Development organizations will provide conducive environment for the electric mobility industry to succeed in the country

# Conclusion




- The feasibility of Tannova project is based on the following key factors :
  - **Production of reliable products:** Tannova uses proven and tested technologies from Jiangsu Zhongsing Motorcycle Co. Ltd (for making two and three wheelers); and Hellios Batteries (for producing Lithium batteries) .
  - **Market potential:** there are over 1.5 million conventional wheelers in Tanzania: Introduction of cost saving models (electric versions) is likely to be preferred. Tannova targets to sell 20,000 units in the first year (approximately 1.3% of the total volume).
  - **Competitive Prices:** Tannova;s products prices almost matches the prices of their conventional counter parts to attract customers in this price sensitive market.
  - **Potential ‘off takers’:** the company is already in discussions with one Utility company to supply 10,000 units of wheelers in year 2024.
  - **:Strong Leadership & Management**– the visionary - Oasis’ Group CEO is a successful businessman who has established four (4) other profitable businesses. Tannova’s management involves experts in the field, who also owns shares.
  - **Tannova’s loan** is secured by the parent company - the Oasis Financial Services which is free of de



 +255 749 966 990

 info@tannovaenergy.com

 www.tannovaenergy.com

 The Tax Hub Building - Industrial Way  
Road, Mikocheni Street, P.O Box 76226,  
Kinondoni - Dar es Salaam, Tanzania

**THANK YOU**

