

CONFIDENTIAL

NHELEGANI CONCRETE WORKS COMPANY LIMITED

BUSINESS PLAN

COUNT ON OUR SERVICE

PREPARED NOVEMBER 2024

Contract Information

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Executive Summary

Opportunity

Problem

Following the total shift of TANESCO demand to spun pre-stressed concrete poles from treated trees poles, the Tanzania Concrete Poles Manufacturing Company Limited a subsidiary of TANESCO called for tender on Joint Venture to establish concrete poles manufacturing factories to meet ever increasing demand to replace the phased out treated treed poles in Tanzania. Our Company became one of successful tenderers and signed a JVA with TCPM Co. Ltd on 27th September, 2024 to establish a factory at Shinyanga Municipality. Given the investment needed as per JVA, our Company is funding the project 100% hence the requirement to secure a loan from reputable financial institution or bank.

Solution

NHELEGANI CONCRETE WORKS COMPANY LIMITED is a company established to venture in transportation, logistics and construction engineering. We have strived as company to venture our investment on acquiring trucks, trailers and tankers for transportation, warehouses and loading equipment for logistics; and various construction machinery and equipment for construction engineering business.

The fact that we have successfully managed to transform our businesses to sustainability level which is credible to diversification to another business venture, without any hesitation based on the projection on resultant income from the concrete pole manufacturing JVA we are very optimistic of the bright future.

Market

As per ratification of the JVA, the established factory at Shinyanga will cater for the western zone market which given the effective demand as per TANESCO figures and our two lines factory to start with will not meet the demand. It is therefore in our future plan to add the third line of manufacturing plant.

Competition

Given the market pattern as per JVA, we do not expect any competition for the first five years as per demand projections in the western zone which comprises Shinyanga, Tabora, Kigoma and Katavi regions.

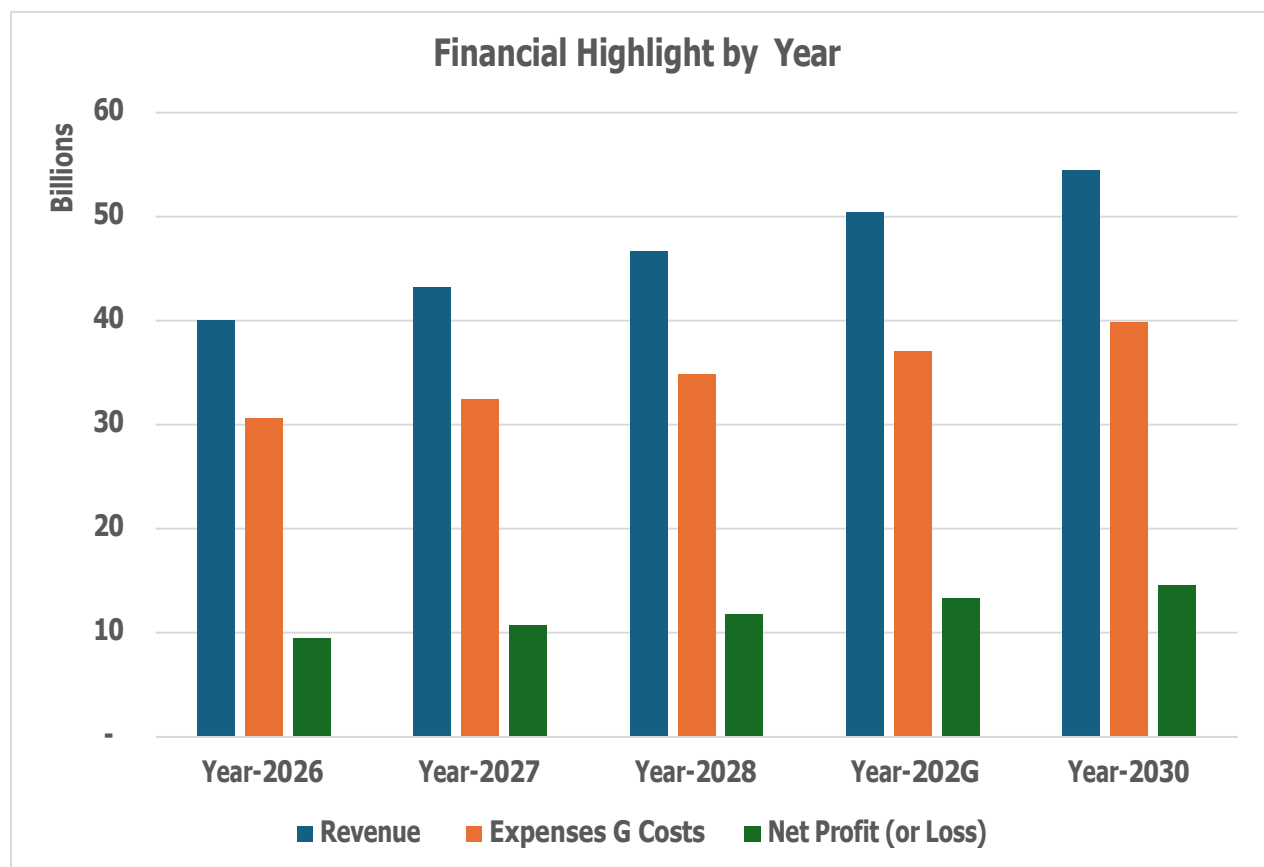
Why Us?

Our company is among the credible establishments managed by local Tanzanians aspiring to be part and parcel of industrialization vision of our country. Give us opportunity, you will never regret. We are a value for money-oriented company.

Expectations

Forecast

Our plan is to start manufacturing by 1st July, 2025 after importation of the machines, installation and commissioning. Our financial forecast is as summarized hereunder:



Financing Needed

The company is expected to invest around Tsh 7,100,000,000/= in capital to cover acquisition of land for factory construction, importation of manufacturing machines and equipment, factory construction cost, operating expenses and overheads. Given the projection of cash flows for the first five years, the investment is economically viable to secure a loan.

Opportunity

Problem & Solution

Problem Worth Solving

The phasing out of the TANESCO treated tree poles for electricity distribution countrywide and replacement of concrete poles has provided an opportunity to our company to invest in concrete poles manufacturing factory to cater for the already existing demand of concrete poles.

Our solution

We have signed a Joint Venture Agreement with Tanzania Concrete Pole Manufacturing Company Limited which has guaranteed a sustainability of the market for the period of fifteen years.

Target Market

The target market is the replacement of treated tree poles and new distribution lines of electricity in western zone of the country.

Competition →

Current alternatives

We are not expecting any competition in our market area of jurisdiction given the JVA execution.

Our advantages

We are a result-oriented company with vast experience in long term investments. We have been very successful in investing in business research, market survey and feasibility study of our business undertakings.

Execution

Operations

Locations & Facilities

All business activities of the company will be conducted through centralized operation system at the factory in Nhelegani, Shinyanga municipality.

Technology, machinery & Equipment

We have entered in agreement with a Chinese company Shandong Haiyu Industrial Group Co. Ltd to supply concrete poles plant which meets international standard in terms of safety and efficiency, designed to best suit the industrial/environment standard in Africa using the modern technology.

Milestones & Metrics

Milestones Table

Milestone	Due Date	Who's Responsible	Details
Securing Fund	Dec 01, 2024	Board of Directors & shareholders	BoD & management will be required to process all document relevant to secure financial facility from bank and all relevant funds required in the performance of this business venture.
Mobilizing resources, Factory Building Permit acquisition & Importation of machines	Nov 01, 2024	Directors & management team	The Board of Directors and Management Team to mobilize all relevant resources required, acquire a factory building permit & finalize negotiation on importation of the machines from China
Commencement of business operation	July 01, 2025	company and management team,	the management team will start business operation and all operation will be conducted within a specified Key performance indicator

Key metrics

Company

Overview

Company history

NHELEGANI CONCRETE WORKS COMPANY LIMITED is a private liability company incorporated in Tanzania with registration number 138216 dated 2017. We have successfully grown and been able to benchmark ourselves among a few indigenously owned Tanzanian companies engaged in Transportation, infrastructure development projects and logistics management. We are registered with Contractors Registration Board (CRB) and we are also members of Tanzania TRUCKS Owners Association (TATOA)

Team

Management team

Our management team comprises of skilled personnel with long time experience in transportation and logistics business; and construction engineering activities. We have a set of core values and code of conduct to deal with increasing transport efficiency in reducing time of delivery of goods and development of infrastructure capable of scaling up to large geographical area for industrial and economical enhancement. Also we have various KPI to evaluate the performance of the company employees and time framework to perform all assigned projects.

Financial Plan

Forecast

Key assumptions

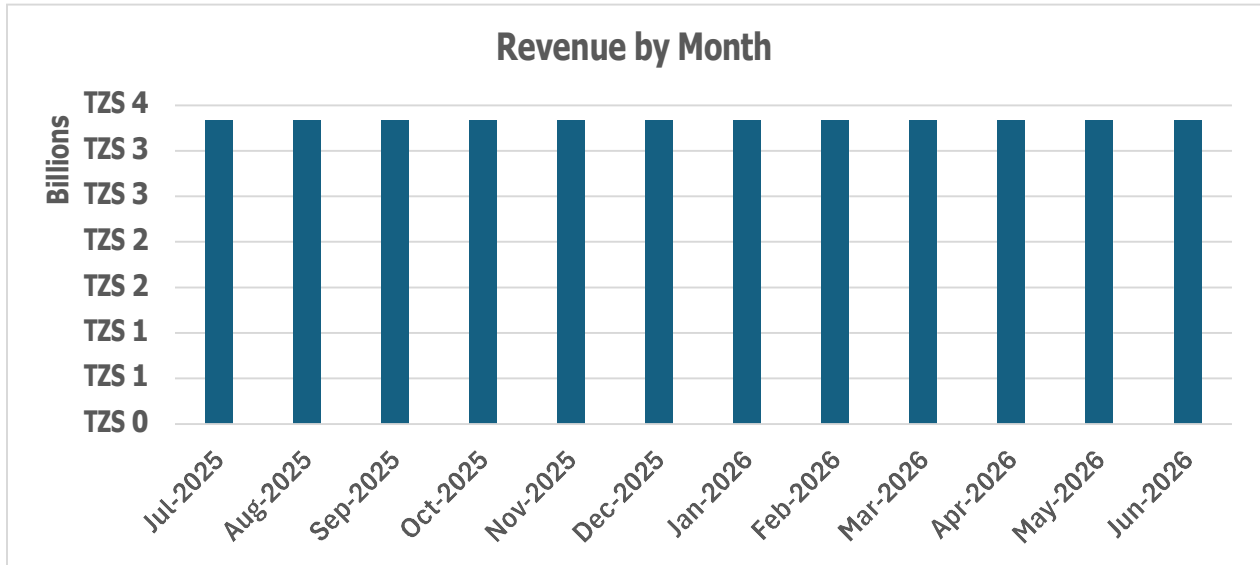
Project Overview and Costs

Expected Plant Capacity	100 poles per day
Number of Lines	Two (2)
Production per line	50 poles
Plant Commission time	6 months

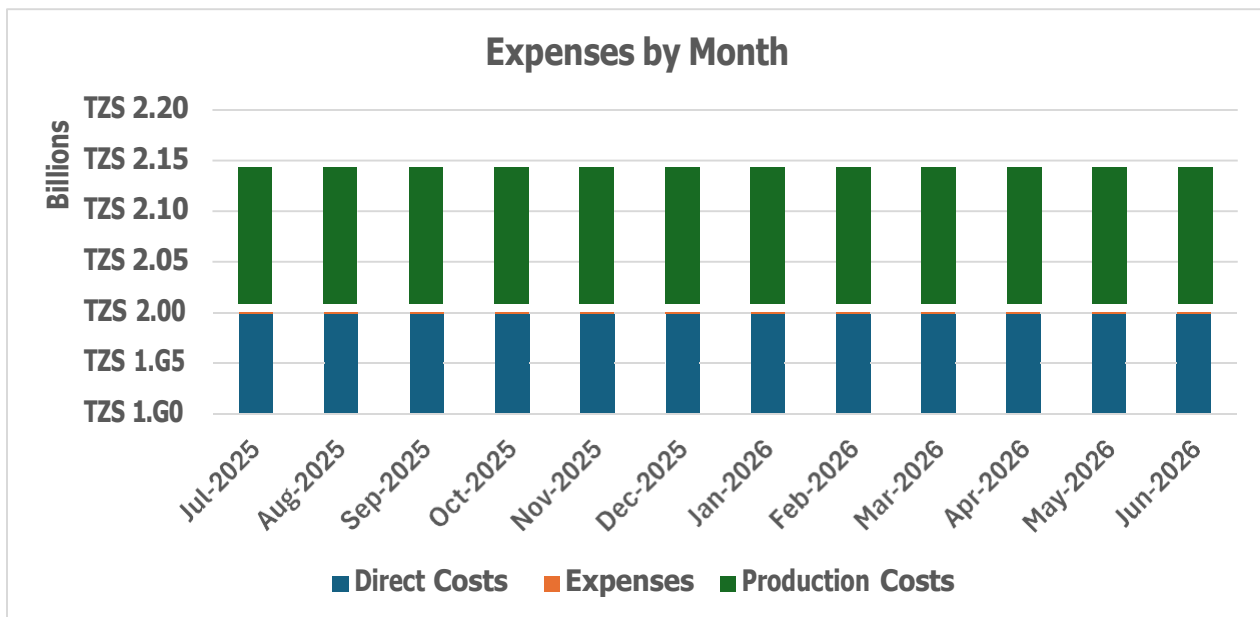
Working days per week	6
Working weeks per year	52
Working days per year	312
Working months per year	12
Working days per month	26

POLE LENGTH	UNIT PER DAY	UNIT PER MONTH	UNIT PER YEAR	UNIT PRICE	TOTAL PRICE
10m	10	260	3,120	600,198.52	1,872,619,385.52
12m	20	520	6,240	1,003,702.31	6,263,102,383.20
13m	50	1300	15,600	1,173,481.83	18,306,316,548.00
15m	15	390	4,680	1,427,790.55	6,682,059,755.28
17m	5	130	1,560	4,403,738.82	6,869,832,559.20
Total	100	2600	31,200	4,380,684.38	39,993,930,631.20

Revenue by Month



Expenses by Month



Net Profit (or Loss) by Year



Financing

Sources of Funds

Statements

Projected Profit and Loss

	Year-2026	Year-2027	Year-2028	Year-202G	Year-2030
Total Turnover	3G,GG3,G30,631	43,1G3,445,081	46,648,G20,688	50,380,834,343	54,411,301,0G0
Total Cost of Sales	23,GG6,358,37G	25,052,1G8,147	27,056,373,GGG	28,717,075,576	31,014,441,622
Total Gross Profit	15,GG7,572,252	18,141,246,G34	1G,5G2,546,68G	21,663,758,768	23,3G6,85G,46G
<i>Gross Profit %</i>	<i>40.0%</i>	<i>42.0%</i>	<i>42.0%</i>	<i>43.0%</i>	<i>43.0%</i>
Total Operating Expenses	105,600,000	111,G36,000	118,652,160	125,771,2G0	133,317,567
Production Costs					
Sales & Marketing	675,822,431	716,371,777	759,354,083	804,915,328	853,210,248
Production	942,808,595	999,377,111	1,059,339,737	1,122,900,122	1,190,274,129
Total Production Costs	1,618,631,026	1,715,748,888	1,818,6G3,821	1,G27,815,450	2,043,484,377
Total Depreciation G Amortization	-	280,845,625	280,845,625	280,845,625	280,845,625
Profit / (Loss) before Interest G Ta:	14,273,341,226	16,032,716,422	17,374,355,083	1G,32G,326,403	20,G3G,211,G00
Total Interest Paid	803,585,7G6	661,827,1GG	502,0G0,064	322,0G4,262	11G,270,487
Profit / (Loss) before ta:	13,46G,755,430	15,370,88G,222	16,872,265,01G	1G,007,232,141	20,81G,G41,413
Taxation	4,040,926,629	4,611,266,767	5,061,679,506	5,702,169,642	6,245,982,424
Profit / (Loss) for the year	G,428,828,801	10,75G,622,456	11,810,585,513	13,305,062,4GG	14,573,G58,G8G
Dividends	1,980,054,048	2,259,520,716	2,480,222,958	2,794,063,125	3,060,531,388
Retained earnings for the year	7,448,774,753	8,500,101,740	G,330,362,555	10,510,GGG,374	11,513,427,601
<i>Profit / (Loss) %</i>	<i>23.C%</i>	<i>24.2%</i>	<i>25.3%</i>	<i>2C.4%</i>	<i>2C.8%</i>

Projected Balance Sheet

	Year-2026	Year-2027	Year-2028	Year-202G	Year-2030
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	3,602,744,995	3,321,899,370	3,041,053,745	2,760,208,120	2,479,362,495
	3,602,744,GG5	3,321,8GG,370	3,041,053,745	2,760,208,120	2,47G,362,4G5
Current Assets					
Inventory	1,999,696,532	2,087,683,179	2,254,697,833	2,393,089,631	2,584,536,802
Trade Receivables	3,277,280,427	3,539,462,861	3,822,619,890	4,128,429,481	4,458,703,839
Cash & Cash Equivalents	7,160,553,567	14,385,666,162	22,228,042,169	31,060,264,758	40,646,004,453
	12,437,530,526	20,012,812,202	28,305,35G,8G2	37,581,783,870	47,68G,245,0G4
Total Assets	16,040,275,521	23,334,711,572	31,346,413,637	40,341,GG1,GG0	50,168,607,58G
EQUITY G LIABILITIES					
Equity					
Shareholders' Contributions	1,299,451,999	1,299,451,999	1,299,451,999	1,299,451,999	1,299,451,999
Retained Earnings	7,448,774,753	15,948,876,493	25,279,239,048	35,790,238,422	47,303,666,024
	8,748,226,752	17,248,328,4G2	26,578,6G1,047	37,08G,6G0,421	48,603,118,023
Non-Current Liabilities					
Long Term Loans 1	6,080,058,631	4,820,550,670	3,401,305,573	1,802,064,674	-
	6,080,058,631	4,820,550,670	3,401,305,573	1,802,064,674	-
Current Liabilities					
Trade Payables	1,185,012,954	1,237,236,596	1,336,105,453	1,418,106,638	1,531,431,493
Payroll Accruals	26,977,184	28,595,815	30,311,564	32,130,258	34,058,073
	1,211,GG0,137	1,265,832,410	1,366,417,016	1,450,236,8G5	1,565,48G,566
Total Equity G Liabilities	16,040,275,521	23,334,711,572	31,346,413,637	40,341,GG1,GG0	50,168,607,58G

Projected Cash Flow

	Year-2026	Year-2027	Year-2028	Year-202G	Year-2030
Cash flows from operating activities					
Profit / (Loss) for the year	9,428,828,801	10,759,622,456	11,810,585,513	13,305,062,499	14,573,958,989
Interest	803,585,796	661,827,199	502,090,064	322,094,262	119,270,487
Taxation	4,040,926,629	4,611,266,767	5,061,679,506	5,702,169,642	6,245,982,424
<i>Adjustment for non-cash expenses:</i>					
Depreciation	-	280,845,625	280,845,625	280,845,625	280,845,625
<i>Changes in operating assets & liabilities</i>					
Inventory	(1,999,696,532)	(87,986,647)	(167,014,654)	(138,391,798)	(191,447,171)
Trade Receivables	(3,277,280,427)	(262,182,434)	(283,157,029)	(305,809,591)	(330,274,358)
Trade Payables	1,185,012,954	52,223,642	98,868,857	82,001,185	113,324,856
Payroll Accruals	26,977,184	1,618,631	1,715,749	1,818,694	1,927,815
<i>Cash generated from operations</i>	<i>10,208,354,40C</i>	<i>1C,017,235,238</i>	<i>17,305,C13,C31</i>	<i>12,242,720,517</i>	<i>20,813,588,CC7</i>
Interest paid	(803,585,796)	(661,827,199)	(502,090,064)	(322,094,262)	(119,270,487)
Taxation paid	(4,040,926,629)	(4,611,266,767)	(5,061,679,506)	(5,702,169,642)	(6,245,982,424)
<i>Net cash from operating activities</i>	<i>5,3C3,841,280</i>	<i>10,744,141,272</i>	<i>11,741,844,0C1</i>	<i>13,225,52C,C13</i>	<i>14,448,335,75C</i>
Cash flows from investing activities					
Purchases of property, plant & equipment	4,290,765,000	-	-	-	-
<i>Net cash used in investing activities</i>	<i>4,220,7C5,000</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Cash flows from financing activities					
Dividends paid	(1,980,054,048)	(2,259,520,716)	(2,480,222,958)	(2,794,063,125)	(3,060,531,388)
Repayment of loans 1	(1,117,749,365)	(1,259,507,962)	(1,419,245,097)	(1,599,240,899)	(1,802,064,674)
<i>Net cash from financing activities</i>	<i>(3,027,803,413)</i>	<i>(3,512,028,C77)</i>	<i>(3,822,4C8,055)</i>	<i>(4,323,304,024)</i>	<i>(4,8C2,52C,0C2)</i>
Increase / (Decrease) in cash equivalents	6,556,803,567	7,225,112,595	7,842,376,007	8,832,222,589	9,585,739,695
Cash & cash equivalents at beginning of year	603,750,000	7,160,553,567	14,385,666,162	22,228,042,169	31,060,264,758
Cash & cash equivalents at end of year	7,160,553,567	14,385,666,162	22,228,042,16G	31,060,264,758	40,646,004,453

Total Interest Paid	71,678,080	71,066,748	70,206,603	66,307,556	68,366,516	67,482,402	66,556,113	65,620,562	64,675,655	63,721,266	62,757,366	61,783,860
Profit / (Loss) before tax:	1,117,467,022	1,118,348,354	1,116,238,466	1,120,137,546	1,121,045,583	1,121,662,700	1,122,888,686	1,123,824,540	1,124,766,447	1,125,723,804	1,126,687,703	1,127,661,242
Taxation	335,240,107	335,504,506	335,771,550	336,041,264	336,313,675	336,588,810	336,866,697	337,147,362	337,430,834	337,717,141	338,006,311	338,298,373
Profit / (Loss) for the year	782,226,616	782,843,848	783,466,646	784,066,282	784,731,608	785,373,890	786,022,262	786,677,178	787,338,613	788,006,662	788,681,392	789,362,866
Dividends	-	-	-	-	-	-	-	-	-	-	-	1,980,054,048
Retained earnings for the year	782,226,616	782,843,848	783,466,646	784,066,282	784,731,608	785,373,890	786,022,262	786,677,178	787,338,613	788,006,662	788,681,392	(1,160,661,176)
Profit / (Loss) %	23.5%	23.5%	23.5%	23.5%	23.5%	23.6%	23.6%	23.6%	23.6%	23.6%	23.7%	23.7%

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Balance Sheet (With Monthly Detail)

	Jun-2025	Jul-2025	Aug-2025	Sep-2025	Oct-2025	Nov-2025	Dec-2025	Jan-2026	Feb-2026	Mar-2026	Apr-2026	May-2026	Jun-2026
ASSETS													
Non-Current Assets													
Property, Plant & Equipment	7,893,509,995	7,535,946,245	7,178,382,495	6,820,818,745	6,463,254,995	6,105,691,245	5,748,127,495	5,390,563,745	5,032,999,995	4,675,436,245	4,317,872,495	3,960,308,745	3,602,744,995
Current Assets													
Inventory	-	1,935,190,192	1,935,190,192	1,999,696,532	1,935,190,192	1,999,696,532	1,935,190,192	1,935,190,192	2,128,709,211	1,935,190,192	1,999,696,532	1,935,190,192	1,999,696,532
Trade Receivables	-	3,171,561,703	3,171,561,703	3,277,280,427	3,171,561,703	3,277,280,427	3,171,561,703	3,171,561,703	3,511,371,886	3,171,561,703	3,277,280,427	3,171,561,703	3,277,280,427
Cash & Cash Equivalents	603,750,000	-	-	699,455,945	2,218,352,373	3,473,251,123	4,992,147,551	6,379,045,140	7,355,483,533	9,152,840,317	10,407,739,067	11,926,635,495	7,160,553,567
Total Assets	8,4G7,25G,GG5	12,642,6G8,140	12,285,134,3G0	12,7G7,251,64G	13,788,35G,263	14,855,61G,326	15,847,026,641	16,876,360,780	18,028,564,625	18,635,028,457	20,002,588,520	20,6G3,6G6,135	16,040,275,521
EQUITY & LIABILITIES													
Equity													
Shareholders' Contributions	1,299,451,999	1,299,451,999	1,299,451,999	1,299,451,999	1,299,451,999	1,299,451,999	1,299,451,999	1,299,451,999	1,299,451,999	1,299,451,999	1,299,451,999	1,299,451,999	1,299,451,999
Retained Earnings	-	782,226,916	1,565,070,763	2,348,537,713	3,132,633,995	3,917,365,903	4,702,739,793	5,488,762,086	6,275,439,264	7,062,777,877	7,850,784,540	8,639,465,932	7,448,774,753
Non-Current Liabilities													
Long Term Loans 1	7,197,807,996	7,109,674,813	7,020,660,297	6,930,755,637	6,839,951,930	6,748,240,186	6,655,611,324	6,562,056,174	6,467,565,472	6,372,129,864	6,275,739,899	6,178,386,034	6,080,058,631
Current Liabilities													
Bank Overdraft	-	1,942,340,393	555,442,804	-	-	-	-	-	-	-	-	-	-
Trade Payables	-	1,146,786,729	1,146,786,729	1,185,012,954	1,146,786,729	1,185,012,954	1,146,786,729	1,146,786,729	1,269,656,736	1,146,786,729	1,185,012,954	1,146,786,729	1,185,012,954

Payroll Accruals	-	26,977,184	26,977,184	26,977,184	26,977,184	26,977,184	26,977,184	26,977,184	26,977,184	26,977,184	26,977,184	26,977,184	26,977,184
Provision For Taxation	-	335,240,107	670,744,613	1,006,516,163	1,342,557,426	1,678,871,101	2,015,459,911	2,352,326,608	2,689,473,970	3,026,904,804	3,364,621,946	3,702,628,256	-
Total Equity G Liabilities	8,4G7,25G,GG5	12,642,6G8,140	12,285,134,3G0	12,7G7,251,64G	13,788,35G,263	14,855,61G,326	15,847,026,641	16,876,360,780	18,028,564,625	18,635,028,457	20,002,588,520	20,6G3,6G6,135	16,040,275,521

<i>Net cash used in investing activities</i>	357,5C3,7 50	357,5C3,7 50	357,5C3,7 50	357,5C3,7 50	357,5C3,7 50	357,5C3,7 50	357,5C3,7 50	357,5C3,7 50	357,5C3,7 50	357,5C3,7 50	357,5C3,7 50	357,5C3,7 50
Cash flows from financing activities												
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(1,980,054 ,048)
Repayment of loans 1	(88,133,18 3)	(89,014,5 15)	(89,904,6 60)	(90,803,7 07)	(91,711,7 44)	(92,628,8 62)	(93,555,1 50)	(94,490,7 02)	(95,435,6 09)	(96,389,96 5)	(97,353,86 4)	(98,327,40 3)
<i>Net cash from financing activities</i>	<i>(88,133,18 3)</i>	<i>(82,014,5 15)</i>	<i>(82,204,6 60)</i>	<i>(20,803,7 07)</i>	<i>(21,711,7 44)</i>	<i>(22,628,8 62)</i>	<i>(23,555,1 50)</i>	<i>(24,420,7 02)</i>	<i>(25,435,6 09)</i>	<i>(26,389,96 5)</i>	<i>(27,353,86 4)</i>	<i>(28,327,40 3)</i>
Increase / (Decrease) in cash equivalents	(2,546,090 ,393)	1,386,897 ,589	1,254,898 ,750	1,518,896 ,428	1,254,898 ,750	1,518,896 ,428	1,386,897 ,589	976,438, 394	1,797,356 ,784	1,254,898, 750	1,518,896, 428	(4,766,081 ,927)
Cash & cash equivalents at beginning of year	603,750,0 00	(1,942,34 0,393)	(555,442, 804)	699,455,9 45	2,218,352 ,373	3,473,251 ,123	4,992,147 ,551	6,379,04 5,140	7,355,483 ,533	9,152,840, 317	10,407,73 9,067	11,926,63 5,495
Cash & cash equivalents at end of year	(1,642,340 ,393)	(555,442, 804)	699,455,9 45	2,218,352 ,373	3,473,251 ,123	4,992,147 ,551	6,379,045 ,140	7,355,483 3,533	8,152,840 ,317	9,152,840, 317	10,407,73 9,067	11,926,63 5,495