

MCCMAHADEO (TANZANIA) COMPANY LIMITED

BUSINESS PLAN

FOR

PRODUCTION OF STONE AGGREGATES BUILDING MATERIALS

1.0. EXECUTIVE SUMMARY

1.1 Project Concept

The envisaged project will involve production of stones aggregated to be used in construction industry for basic inputs in road construction works, buildings, landscaping, construction of bridges and a host of other civil engineering works. Activities in these areas by governments, corporate entities and individuals are presently at their peak.

Although MCCMAHADEO (TANZANIA) COMPANY LIMITED is starting out on a medium scale, but that will not in any way stop MCCMAHADEO (TANZANIA) COMPANY LIMITED from maximizing our potential in the stone aggregates production line of business by supplying crushed granite, dimension granite, gravels, and aggregates – stones.

As a business, MCCMAHADEO (TANZANIA) COMPANY LIMITED is willing to go the extra mile to invest in owning our own world – class and environmentally friendly stone quarry and also to hire efficient and dedicated employees.

With that, the management of MCCMAHADEO (TANZANIA) COMPANY LIMITED will be able to maximize profits in our business. MCCMAHADEO (TANZANIA) COMPANY LIMITED will at all-time demonstrate her commitment to

sustainability, both individually and as a firm, by actively participating in our communities and integrating sustainable business practices wherever possible.

MCCMAHADEO (TANZANIA) COMPANY LIMITED management will ensure that we hold ourselves accountable to the highest standards by meeting our customers' needs precisely and completely. We will cultivate a working environment that provides a human, sustainable approach to earning a living, and living in our world, for our partners, employees and for our customers.

2.2 OBJECTIVE OF STUDY

The purpose of this study is to work out the project viability technically and financially of developing and operating a commercial stone aggregates production project.

2.3 OUR PRODUCT AND SERVICES

MCCMAHADEO (TANZANIA) COMPANY LIMITED was established with the aim of maximizing profits in the construction cum building industry such as crushed granite, dimension granite, aggregates – stones, rocks. We want to compete favorably with the leaders in the industry which is

why we have put in place a competent team that will ensure that our products are of highest standard.

MCCMAHADEO (TANZANIA) COMPANY LIMITED will work hard to ensure that our products are accepted in Tanzania region where we intend supplying our products.

2.4 OUR VISION STATEMENT

Our vision as a stone aggregates production company is to engage in national distribution of crushed granite, dimension granite, aggregates – stones, rocks, across major construction sites in the Tanzania.

2.5 OUR MISSION STATEMENT

Our mission is to establish a standard and world class – environmentally friendly stone aggregates production company that in our own capacity will favorably compete with leaders in the industry on the global stage. We want to build a stone crushing company that will be listed amongst the top 5 stone Dodoma.

2.6 THE COMPANY

MCCMAHADEO (TANZANIA) COMPANY LIMITED is a company incorporated in Tanzania with Certificate of Incorporation No. 179034263 issued on 23rd October, 2024.

The company decided to venture into Stone aggregates production after realizing that Tanzania is endowed with abundant mineral resources. However, not much has been done with regards to exploration and exploitation of these solid minerals.

It is therefore, envisaged that with the New Economic Reforms and increase of constructions activities in Tanzania, it is expected that the demand shall be more than the production. We are with the opinion that the benefits derivable due to establishment of this venture shall be enormous considering the economic empowerment of industrial development within the Mining Sector.

2.7 THE PROJECT

The project is to be engaged in the Stone aggregates production for local consumption. The plant is expected to operate 6 days a week. The major raw material is Stone Hardcore, which is all year-round product. During the peak period (rainy season) from April to September the climate

and weather, conditions are favorable to ensure that supply is surplus of demand.

The prices are lower and it is therefore a good period to stock pile raw material to keep production at optimal capacity during off-season (dry season). The project shall engage experienced technicians, mining/geological engineers and skilled work force who will make sure that high quality and right sizes of aggregates are produced and sold to the end users.

The market for the product is diverse. The project was conceptualized with the following key factors in mind

The project promoters are confident of mobilizing financial resources through owners' equity and loan from financial institutions

2.8 LOCATION

The project will be located at un surveyed area of **Plot No. Un Surveyed Area, Ntyuka, Bwawani, Dodoma District, Dodoma Region.**

2.9 The Sponsors

MCCMAHADEO (TANZANIA) COMPANY LIMITED is being sponsoring this project. The Company is jointly owned by two shareholders

Share Holders	% of Share	Nationality
MCCMahadeo Constructions Private Limited	55.31	India
Vandana Singh	0.44	India
Guru Ratan Singh Class Ordinary	0.44	India
Anoop Kumar Singh	37.61	India
Umesh Kumar Singh	2.65	India
Anil Kumar Singh	3.54	India

2.0 TANZANIA’S CONSTRUCTION INDUSTRY SET FOR CONTINUED GROWTH

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TANZANIA's construction sector is on a strong upward trajectory, and experts predict it will maintain that momentum well into the next decade, according to a new report by ResearchAndMarkets.com.

The report shows that the construction market in Tanzania is forecast to grow by an impressive 7 percent in 2025, reaching a total value of approximately 29.26trn/-.

This marks a significant milestone in a period of robust growth, with the sector achieving a compound annual growth rate (CAGR) of 10.1 percent between 2020 and 2024.

The construction industry has experienced steady progress in recent years, driven by several key factors, including increased urbanization, rising infrastructure development, and the government's focus on improving the nation's transport, energy, and housing sectors.

As the market continues to expand, its growth prospects remain strong, with a forecasted CAGR of 6.7 percent from 2025 to 2029. By 2029, the industry is projected to reach

approximately 40.44trn/–, a considerable jump from the 2024 value of 27.34trn/–.

The demand for both affordable housing and high-end residential projects has been increasing, particularly in major cities like Dar es Salaam.

In addition, Tanzania's commercial construction sector is seeing significant investments in office buildings, retail spaces, hospitality developments, and restaurants. Commercial construction projects are expected to continue to grow, driven by the need for improved infrastructure to support the country's expanding economy.

Green building and sustainability also takes centre stage in Tanzania's construction boom, with green building practices gaining traction across residential, commercial, and industrial sectors.

The report highlights a significant growth in the demand for green building construction, with a 10-year forecast showing promising growth in both value and volume. These sustainable projects, which include energy-efficient

buildings and eco-friendly materials, are expected to become a key feature of Tanzania's urban landscape as the country embraces global environmental trends.

Infrastructure development is another critical driver of growth in Tanzania's construction market. The Tanzanian government has been heavily investing in infrastructure, with key projects in transportation, energy, and utilities. Construction in transportation infrastructure, including highways, bridges, railways, and airports, is expected to see strong growth as Tanzania continues to modernize its logistics network to support the burgeoning economy.

The report also underscores the importance of marine, water, and sewer systems, all of which will play a crucial role in supporting the nation's expanding population and urbanization efforts. These developments will significantly improve the living standards of Tanzanians, boost employment opportunities, and stimulate further economic growth.

The newly released databook provides a thorough analysis of the Tanzanian construction market, offering over 100 Key Performance Indicators (KPIs) covering market dynamics,

construction costs, and growth opportunities. This detailed report will be an invaluable resource for stakeholders aiming to make informed decisions in the growing market.

With a focus on both volume and value data, the report provides clear insights into construction cost structures, including material and labour costs, as well as city-level trends for major regions in Tanzania. The data also covers over 40 market segments, ensuring that investors and developers can strategically align their business plans with market demands.

The Tanzanian construction market is undeniably on a path to continued growth, fuelled by government investment, urbanization, and rising demand across residential, commercial, and infrastructure projects. As the country progresses toward becoming a regional economic hub, the construction sector will remain a key pillar in driving Tanzania's development forward

2.1 CONSTRUCTION AGGREGATES MARKET OVERVIEW

The Tanzania Construction Aggregates Market is vital for infrastructure development, encompassing materials like crushed stone, sand, gravel, and cement. Growth is driven by urbanization, government investments in public

infrastructure projects, and expansion in residential and commercial construction activities. Sustainable mining practices and quality control remain crucial for meeting construction standards and environmental regulations.

2.2 DRIVERS OF THE MARKET

The Tanzania Construction Aggregates Market is driven by infrastructure development projects, urbanization, and the construction of residential and commercial buildings. Aggregates such as sand, gravel, and crushed stone are essential materials in concrete production and road construction. Key drivers include government investments in infrastructure, population growth leading to increased housing demand, and ongoing urban renewal projects.

3.0 Project Management and Manpower requirements

The project will be under a competent management of **MCCMAHADEO (TANZANIA) COMPANY LIMITED** comprising 150 employees

The estate management company will be answerable to the holding company's Board of Directors for operational and policy decisions.

4.0 **Market Strategy**

According to expert, personal selling is the most effective method for because the customers and institutions. In order to reduce sunk costs, the project will use marketing agents who will be paid commissions on successful deals. Marketing in all types of media and publicity will support and enhance personal selling

The project will use internet for advertising to potential customers in the world.

4.1 **PRICING**

The pricing policy for the project will be based on the service cost and competition levels considering various variables namely:

- Service positioning
- Gain market share from competitors
- Stimulating and increasing demand and
- Achieving profitability and liquidity financial performance goals

The average gravel and crushed stone import price stood at \$250 per ton production capacity of 100 tons per day

5.0 **PROJECT INVESTMENT COST**

The estimated capital investment cost of the project is U US \$ 3,830,000

**MCCMAHADEO (TANZANIA) COMPANY LIMITED COST
STRUCTURE US \$**

Land and Buildings	1,500,000
Machinery & Equipment	500,000
Motor Vehicles	200,000
Furniture & Fixtures	1,000,000
Pre exp	20,000
Others	410,000
Working Capital	200,000
TOTAL	3,830,000

5.1 FINANCING PATTERN

The project will be financed by equity by US\$ 2,330,000 and loan US\$1,500,000

5.2 PROJECT OPERATING COSTS

In order to realize its intended objective, the project will have to meet operating costs which will constitute 5% of total revenue.

5.3 Aspect of Project Sustainability

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The growing of Tanzania

economy and increase of economic activities in Dar es Salaam City gives them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

5.4 Monitoring and Evaluation

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

5.5 Projected Risks

This is a real estate investment; no major risks have been identified for this kind of project so far. Unless a change in the country's political and economic stability occurs, the project is more likely to prosper very fast for a very long period.

6.0 Financial Analysis

6.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The

straight-line method to depreciate the project's capital items has been applied.

It is assumed that the major building raw material will be procured from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the hospitality industry.

6.2 Projected Profit and Loss Statement

The Income and Expenditure Statement show the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US \$ 926,800 in first year to US \$ 6,430,550 in the 5th year.

6.3 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from 1st year projected to be US\$ 1,102,800 to the US \$ 7,406,550 in 5th year.

6.4 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Shareholder's equity

increases from US\$ 2,330,000 in the first year of operation to US \$ 8,760,550 in the 5th year.

6.5 Projected payback period

Total investment is US \$ 3,830,000 cash accumulation in 3rd year is US\$ 4,150,950 which is more than the initial investment, the project payback Period is exactly 3 years, only

7.0 ECONOMIC ASPECTS

Implementation of this project will have the following social and economic values

- The project is an ideal option for utilization of the prime site obtained in Dodoma
- The project will increase number of quality building materials available in Dodoma
- The project will create employment for 150 people on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to local suppliers.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.

- The project will transfer of knowledge and skills to other Stone aggregates producers in the country.

8.0 Implementation

Project implementation is expected to be relatively very short once project has been approved it is estimated that the project will be implemented as followings: –

S/N	Activity	Period
1	Processing TISEZA Certificate of Incentive	October 2025
2	Site preparation and Construction	October 2025 –August 2026
3	Procurement equipment and other facilities	August–October 2026
4	Recruitment	August–October 2026
5	In house training	October– December 2026
6	Commercial operations	January 2027

9.0 Conclusion and Recommendations

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TISEZA Certificate of Incentives with its associated privileges and benefits as provided.

MCCMAHADEO (TANZANIA) COMPANY LIMITED PROJECTED PROFIT AND LOSS STATEMENT US\$

	1	2	3	4	5
Revenue	6,000,000	7,650,000	9,000,000	9,000,000	9,000,000
Total Cost	4,500,000	5,737,500	6,750,000	6,750,000	6,750,000
Profit before Depreciation &Interest	1,500,000	1,912,500	2,250,000	2,250,000	2,250,000
Interest	120,000	96,000	240,000	160,000	80,000
Depreciation	56,000	56,000	56,000	56,000	56,000
Gross Profit	1,324,000	1,760,500	1,954,000	2,034,000	2,114,000
Tax (30%)	397,200	528,150	586,200	610,200	634,200
Profit After Tax	926,800	1,232,350	1,367,800	1,423,800	1,479,800
Accumulated Profit	926,800	2,159,150	3,526,950	4,950,750	6,430,550

APPENDIX II

MCCMAHADEO (TANZANIA) COMPANY LIMITED PROJECTED CASH FLOWS US\$

SOURCES:		1	2	3	4	5
Profit before interest and depreciation	-	1,500,000	1,912,500	2,250,000	2,250,000	2,250,000
Equity	2,330,000					
Loan	1,500,000					
Total Sources	3,830,000	1,500,000	1,912,500	2,250,000	2,250,000	2,250,000
Applications:						
Capital expenditure	2,210,000	-	-	-	-	-
working Capital &Others	1,620,000					
Cash	-	1,102,800	1,384,350	1,663,800	1,639,800	1,615,800
Tax	-	397,200	528,150	586,200	610,200	634,200
Sub total	3,830,000	1,500,000	1,912,500	2,250,000	2,250,000	2,250,000
Total applications	3,830,000	1,500,000	1,912,500	2,250,000	2,250,000	2,250,000
Accumulated cash		1,102,800	2,487,150	4,150,950	5,790,750	7,406,550

MCCMAHADEO (TANZANIA) COMPANY LIMITED PROJECTED BALANCE SHEET US\$

Fixed Assets		1	2	3	4	5
Opening balance	–	2,210,000	2,154,000	2,098,000	2,042,000	1,986,000
Total Long-term Assets	–	2,210,000	2,154,000	2,098,000	2,042,000	1,986,000
Less depreciation	–	56,000	56,000	56,000	56,000	56,000
Closing balance	–	2,154,000	2,098,000	2,042,000	1,986,000	1,930,000
Working capital	1,620,000	1,620,000	1,620,000	1,620,000	1,620,000	1,620,000
Accumulated cash		1,102,800	2,487,150	4,150,950	5,790,750	7,406,550
Total assets	1,620,000	4,876,800	6,205,150	7,812,950	9,396,750	10,956,550
Financed by						
Equity	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000
Accumulated profit	–	926,800	2,159,150	3,526,950	4,950,750	6,430,550
Total equity	2,330,000	3,256,800	4,489,150	5,856,950	7,280,750	8,760,550
Long term loan	1,500,000	1,200,000	900,000	600,000	300,000	–
Total debts	1,500,000	1,200,000	900,000	600,000	300,000	–
Total equity and debts	3,830,000	4,456,800	5,389,150	6,456,950	7,580,750	8,760,550

MCCMAHADEO (TANZANIA) COMPANY LIMITED FIXED ASSETS US\$

NAME OF ASSETS	1	2	3	4	5
Land And Buildings	1,500,000	1,470,000	1,440,000	1,410,000	1,380,000
Machinery, Tools & Equipment	500,000	495,000	490,000	485,000	480,000
Motor Vehicles	200,000	180,000	160,000	140,000	120,000
Furniture & Fixtures	10,000	9,000	8,000	7,000	6,000
Total	2,210,000	2,154,000	2,098,000	2,042,000	1,986,000
DEPRECIATION	1	2	3	4	5
Land and buildings	30,000	30,000	30,000	30,000	30,000
Machinery tools & Equipment	5,000	5,000	5,000	5,000	5,000
Motor Vehicles	20,000	20,000	20,000	20,000	20,000
Furniture & Fixtures	1,000	1,000	1,000	1,000	1,000
ANNUAL DEPRECIATION	56,000	56,000	56,000	56,000	56,000

MCCMAHADEO (TANZANIA) COMPANY PROJECTED LONG TERM LOAN REPAYMENT

Year	Principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	300,000	120,000.00	420,000.00	1,500,000.00
2	300,000	96,000.00	396,000.00	1,200,000.00
3	300,000	72,000.00	372,000.00	900,000.00
4	300,000	48,000.00	348,000.00	600,000.00
5	300,000	24,000.00	324,000.00	300,000.00