

MAENDELEO TECHNOLOGIES LIMITED

Business Plan

for

Expanding Leasing of construction and  
mining machinery (short-term & long-term  
contracts)

PREPARED FOR

MAENDELEO TECHNOLOGIES LIMITED

Dar es Salaam

## 1.0 EXECUTIVE SUMMARY

MAENDELEO TECHNOLOGIES LIMITED is a company registered in the country under the Companies Act 2002 and bears Certificate of Incentives No.20214358 issued on 16th April, 2021.

The proposed project involves expanding services for leasing of construction and mining machinery (short-term & long-term contracts

### 1.1 Nature of the Business

The company will operate as a heavy construction and mining equipment leasing enterprise, providing modern, high-capacity machinery to infrastructure contractors, mining companies, quarry operators, and large-scale developers across Tanzania.

The business will focus on short-term, medium-term, and long-term leasing contracts, including optional services such as:

- Skilled equipment operators
- Preventive and corrective maintenance
- On-site technical support

- Equipment mobilization and demobilization
- Fleet monitoring through GPS tracking

The company will not engage in direct construction or mining activities but will serve as a strategic equipment partner to firms executing these projects.

## 1.2 Core Services

### A. Equipment Leasing

Provision of heavy-duty machinery such as:

- Excavators
- Bulldozers
- Wheel loaders
- Motor graders
- Articulated dump trucks

Leasing options will include:

- Daily rental
- Monthly rental
- Long-term project-based contracts (6–36 months)

## B. Operated Equipment Leasing

Provision of machinery with certified operators, fuel management options, and full maintenance service.

## C. Maintenance & Technical Support

- Preventive maintenance programs
- Breakdown response services
- Spare parts supply
- Workshop servicing

### 1.3 Vision

- To become Tanzania's leading heavy equipment leasing company serving infrastructure, mining, and industrial projects.

### 1.4 Mission

- Provide reliable, modern, and cost-efficient equipment to contractors and mining firms across Tanzania and East Africa.

### 1.5 COMPANY OWNERSHIP

MAENDELEO TECHNOLOGIES LIMITED is promoted foreign investors who are very experienced in transport and logistic business

| Shareholder Name        | % of ownership | Nationality |
|-------------------------|----------------|-------------|
| VALENTI CHERNOMORCHENKO | 50             | Russia      |
| EVGENY MYSHKOVSKIY      | 50             | Russia      |
|                         |                |             |
|                         |                |             |

### 1.6 PROJECT LOCATION

The project head office will be located at Plot No.344 Ghuba Road, Oysterbay, Kinondoni District, Dar es Salaam Region

### 1.7 Legal Structure

The company will be registered as a Limited Liability Company (LLC) under Tanzanian law and will obtain:

- Business license
- TIN registration
- OSHA compliance certification
- Equipment insurance
- Mining contractor/vendor registration where applicable

## 2.0 INDUSTRY OVERVIEW

### 2.1 Construction Sector – Tanzania

Tanzania's construction industry is growing due to:

- Road expansion projects
- Railway projects (SGR)
- Ports and airport upgrades
- Real estate development
- Energy & mining investments

### 2.2 Mining Sector – Tanzania

Major mining regions:

- Geita
- Kahama
- Mwanza
- Shinyanga
- Mara

Major mining operators include:

- Geita Gold Mine
- Barrick Gold Corporation
- Shanta Gold

- AngloGold Ashanti

Mining companies prefer leasing because:

- Reduces capital expenditure (CAPEX)
- Avoids maintenance burden
- Flexible fleet scaling

### 3.0 MARKET ANALYSIS

#### 3.1 Market Drivers

- Ongoing government infrastructure projects
- Private sector real estate expansion
- Mining sector expansion
- High cost of equipment purchase (USD 150,000–500,000 per unit)

#### 3.2 Market Gap

- Limited modern equipment fleets
- Poor maintenance from small local lessors
- Delays due to equipment breakdowns

This creates opportunity for a professional, well-maintained fleet operator.

### 3.3 Target Market

The primary customers will include:

#### 1. Mining Companies

Major gold and mineral operators operating in Tanzania such as:

- Geita Gold Mine
- Barrick Gold Corporation
- Shanta Gold

#### 2. Large Construction Contractors

Companies involved in:

- Road construction
- Railway infrastructure (SGR projects)
- Airport expansion
- Port construction
- Hydropower and energy projects

#### 3. Government Infrastructure Projects

Through public tenders and subcontracting arrangements.

#### 4. Quarry and Aggregates Operators

Medium-sized operators requiring flexible leasing rather than purchasing equipment.

#### 4.0 Competitive Advantage

- Modern, fuel-efficient fleet from global brands such as:
  - Caterpillar Inc.
  - Komatsu Ltd.
  - Volvo Construction Equipment
- Strong preventive maintenance system
- GPS fleet tracking for performance monitoring
- Quick breakdown response team
- Structured long-term contracts ensuring stable cash flow

#### 5.0 RISK ANALYSIS

| <b>Risk</b>           | <b>Mitigation</b>                     |
|-----------------------|---------------------------------------|
| Low utilization       | Long-term contracts with mining firms |
| Breakdowns            | Preventive maintenance program        |
| Fuel price volatility | Client pays fuel clause               |
| Currency risk         | USD-based contracts                   |
| Late payments         | Advance deposits & bank guarantees    |

## 6.0 REVENUE MODEL

### 6.1 Leasing Rates (Average Tanzania Market)

| Equipment    | Daily Rate | Monthly Rate |
|--------------|------------|--------------|
| Excavator    | \$1,500    | \$35,000     |
| Bulldozer    | \$2,000    | \$45,000     |
| Wheel Loader | \$1,200    | \$30,000     |
| Motor Grader | \$1,800    | \$40,000     |
| Dump Truck   | \$2,000    | \$50,000     |

### 6.2 EQUIPMENT PORTFOLIO

| Equipment                 | Qty |
|---------------------------|-----|
| Excavators (30-75T)       | 10  |
| Bulldozers                | 5   |
| Wheel Loaders             | 6   |
| Motor Graders             | 4   |
| Dump Trucks (Articulated) | 4   |

### 6.3 ANNUAL REVENUE PROJECTION

- Revenue: \$ 5,220,000

### 6.4 PROJECT OPERATING COST

The company has estimated that the project operating cost and other cost to be 25% of the total annual revenue.

#### 6.4 PROJECT FINANCING

The company has estimated that the project will be financed by long term loan amounting to US\$5,000,000 with interest rate of 8% repaid within 4 years and remaining US\$ 3,000,000 will be shareholders contribution and cashflows generated from business.

#### 6.5 PROJECT COST

The project has budgeted to cost the followings:

|                       |                  |
|-----------------------|------------------|
|                       |                  |
| Machinery & Equipment | 7,600,000        |
| Motor Vehicles        | 120,000          |
| Furniture & Fixtures  | 10,000           |
| Pre exp               | 15,000           |
| Others                | 5,000            |
| Working Capital       | 250,000          |
| <b>TOTAL</b>          | <b>8,000,000</b> |

#### 14.0 FINANCIAL ASPECTS FOR THE PROJECT

##### Projected Profit and Loss Statement

The attached Appendix I shows the projected income for the 8years period. The position depicted is that the project earns profit throughout its life. Accumulated after

tax profits grow from. **US\$ 679,350** in the 1<sup>st</sup> year to **US\$ 7,270,026** in the 8<sup>th</sup> year.

□ **Projected Cash Flows**

The project's cash flows are shown in Appendix II. They depict a good liquid position right from the first year. Cash accumulation builds up from **US\$ 884,850** in the first year to **US\$ 8,114,026** at the end of 8<sup>th</sup> years of the project's operations.

□ **Projected Balance Sheet**

The project's assets cash flows are shown in Appendix III. Owners' equity grows from **US\$ 1,800,000** in the first year to **US\$ 24,683,693** at the end of 8<sup>th</sup> years of the project's operations based

□ **Payback Period**

Total investment is **US\$ 3,800,000** cash accumulation in 5th year **US\$4,760,950** which is more than the initial investment. The project payback Period is exactly 5years.

The project has a relatively short payback period.

□ **Loan repayment**

Total investment loan is **US\$2,000,000** to be repaid within 5 years.

## 15.0 ECONOMIC ASPECTS OF THE PROJECTS

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country viz.

□ **Employment Opportunities**

Employment and poverty reduction are among the major concern of the Central and the Local Government authorities. It is gratifying to note that the company, is going to provide additional employment to 15 people. This is a significant contribution coming from investors.

□ **Revenue to the Government**

The Project is expected to pay a substantial annual amount in the form of corporation tax and other taxes

□ **Foreign Exchange Earning**

Project is planning to export to neighbouring countries the project will thus earn foreign currency for the United Republic of Tanzania.

## 16.0 CONCLUSION

□ The project is profitable and contributes to government revenue by way of taxes.

□ The project provides employment to 180 people.

□ The project is an encouraging sign to prove that we have good business environments and we have investors who have confidence in their country. Tanzania so much so that they are ready to invest such large sums of investment despite the odds of the sector in question.

## 17.0 RECOMMENDATION

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania

Revenue Authority, TRA and the TISEZA. The project deserves this support because of its viability, since it is technically feasible, economically viable and socially acceptable.

## APPENDIX I

## MAENDELEO TECHNOLOGIES LIMITED PROJECTED PROFIT AND LOSS STATEMENT US\$

|                                      | 1         | 2         | 3         | 4         | 5          | 6          | 7          | 8          |
|--------------------------------------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|
| Revenue                              | 5,220,000 | 5,481,000 | 5,755,050 | 6,042,803 | 6,344,943  | 6,662,190  | 6,995,299  | 7,345,064  |
| Total Cost                           | 1,827,000 | 1,918,350 | 2,014,268 | 2,114,981 | 2,220,730  | 2,331,766  | 2,448,355  | 2,570,772  |
| Profit before Depreciation &Interest | 3,393,000 | 3,562,650 | 3,740,783 | 3,927,822 | 4,124,213  | 4,330,423  | 4,546,945  | 4,774,292  |
| Interest                             | 400,000   | 350,000   | 300,000   | 250,000   | 200,000    | 150,000    | 100,000    | 50,000     |
| Depreciation                         | 104,000   | 104,000   | 104,000   | 104,000   | 104,000    | 104,000    | 104,000    | 104,000    |
| Gross Profit                         | 2,889,000 | 3,108,650 | 3,336,783 | 3,573,822 | 3,820,213  | 4,076,423  | 4,342,945  | 4,620,292  |
| Tax (30%)                            | 866,700   | 932,595   | 1,001,035 | 1,072,146 | 1,146,064  | 1,222,927  | 1,302,883  | 1,386,088  |
| Profit After Tax                     | 2,022,300 | 2,176,055 | 2,335,748 | 2,501,675 | 2,674,149  | 2,853,496  | 3,040,061  | 3,234,204  |
| Accumulated Profit                   | 2,060,730 | 4,236,785 | 6,572,533 | 9,074,208 | 11,748,357 | 14,601,853 | 17,641,914 | 20,876,118 |

## APPENDIX II

## MAENDELEO TECHNOLOGIES LIMITED PROJECTED CASH FLOWS US\$

| SOURCES:                                |           | 1         | 2         | 3         | 4          | 5          | 6          | 7          | 8          |
|---|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|
| Profit before interest and depreciation | -         | 3,393,000 | 3,562,650 | 3,740,783 | 3,927,822  | 4,124,213  | 4,330,423  | 4,546,945  | 4,774,292  |
| Equity                                  | 3,000,000 |           |           |           |            |            |            |            |            |
| Loan                                    | 5,000,000 |           |           |           |            |            |            |            |            |
| Total Sources                           | 8,000,000 | 3,393,000 | 3,562,650 | 3,740,783 | 3,927,822  | 4,124,213  | 4,330,423  | 4,546,945  | 4,774,292  |
| Applications:                           |           |           |           |           |            |            |            |            |            |
| Capital expenditure                     | 7,730,000 | -         | -         | -         | -          | -          |            |            |            |
| working Capital & Others                | 270,000   |           |           |           |            |            |            |            |            |
| Cash                                    | -         | 2,526,300 | 2,630,055 | 2,739,748 | 2,855,675  | 2,978,149  | 3,107,496  | 3,244,061  | 3,388,204  |
| Tax                                     | -         | 866,700   | 932,595   | 1,001,035 | 1,072,146  | 1,146,064  | 1,222,927  | 1,302,883  | 1,386,088  |
| Sub total                               | 8,000,000 | 3,393,000 | 3,562,650 | 3,740,783 | 3,927,822  | 4,124,213  | 4,330,423  | 4,546,945  | 4,774,292  |
| Total applications                      | 8,000,000 | 3,393,000 | 3,562,650 | 3,740,783 | 3,927,822  | 4,124,213  | 4,330,423  | 4,546,945  | 4,774,292  |
| Accumulated cash                        |           | 2,526,300 | 5,156,355 | 7,896,103 | 10,751,778 | 13,729,927 | 16,837,423 | 20,081,484 | 23,469,688 |

## APPENDIX III

**MAENDELEO TECHNOLOGIES LIMITED PROJECTED BALANCE SHEET US\$**

|                        |           | 1          | 2          | 3          | 4          | 5          | 6          | 7          | 8          |
|------------------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Fixed Assets</b>    |           |            |            |            |            |            |            |            |            |
| Opening balance        | –         | 7,730,000  | 7,626,000  | 7,522,000  | 7,418,000  | 7,314,000  | 7,210,000  | 7,106,000  | 7,002,000  |
| Total Long-term Assets | –         | 7,730,000  | 7,626,000  | 7,522,000  | 7,418,000  | 7,314,000  | 7,210,000  | 7,106,000  | 7,002,000  |
| Less depreciation      | –         | 104,000    | 104,000    | 104,000    | 104,000    | 104,000    | 104,000    | 104,000    | 104,000    |
| Closing balance        | –         | 7,626,000  | 7,522,000  | 7,418,000  | 7,314,000  | 7,210,000  | 7,106,000  | 7,002,000  | 6,898,000  |
| Working capital        | 270,000   | 270,000    | 270,000    | 270,000    | 270,000    | 270,000    | 270,000    | 270,000    | 270,000    |
| Accumulated cash       | –         | 2,526,300  | 5,156,355  | 7,896,103  | 10,751,778 | 13,729,927 | 16,837,423 | 20,081,484 | 23,469,688 |
| Total assets           | 270,000   | 10,422,300 | 12,948,355 | 15,584,103 | 18,335,778 | 21,209,927 | 24,213,423 | 27,353,484 | 30,637,688 |
| Financed by            |           |            |            |            |            |            |            |            |            |
| Equity                 | 3,000,000 | 3,000,000  | 3,000,000  | 3,000,000  | 3,000,000  | 3,000,000  | 3,000,000  | 3,000,000  | 3,000,000  |
| Accumulated profit     | –         | 2,060,730  | 4,236,785  | 6,572,533  | 9,074,208  | 11,748,357 | 14,601,853 | 17,641,914 | 20,876,118 |
| Total equity           | 3,000,000 | 5,060,730  | 7,236,785  | 9,572,533  | 12,074,208 | 14,748,357 | 17,601,853 | 20,641,914 | 23,876,118 |
| Long term loan         | 5,000,000 | 4,375,000  | 3,750,000  | 3,125,000  | 2,500,000  | 1,875,000  | 125,000    | 625,000    | –          |
| Total debts            | 5,000,000 | 4,375,000  | 3,750,000  | 3,125,000  | 2,500,000  | 1,875,000  |            |            |            |
| Total equity and debts | 8,000,000 | 9,435,730  | 10,986,785 | 12,697,533 | 14,574,208 | 16,623,357 | 17,601,853 | 20,641,914 | 23,876,118 |

APPENDIX IV

**MAENDELEO TECHNOLOGIES LIMITED DEPRECIATION SCHEDULE US\$**

| NAME OF ASSETS              | 1         | 2         | 3         | 4         | 5         | 6         | 7         | 8         |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Machinery                   | 1,500,000 | 1,470,000 | 1,440,000 | 1,410,000 | 1,380,000 | 1,350,000 | 1,320,000 | 1,290,000 |
| Tools & Equipment           | 6,100,000 | 6,039,000 | 5,978,000 | 5,917,000 | 5,856,000 | 5,795,000 | 5,734,000 | 5,673,000 |
| Motor Vehicles              | 120,000   | 108,000   | 96,000    | 84,000    | 72,000    | 60,000    | 48,000    | 36,000    |
| Furniture & Fixtures        | 10,000    | 9,000     | 8,000     | 7,000     | 6,000     | 5,000     | 4,000     | 3,000     |
| Total                       | 7,730,000 | 7,626,000 | 7,522,000 | 7,418,000 | 7,314,000 | 7,210,000 | 7,106,000 | 7,002,000 |
| DEPRECIATION                | 1         | 2         | 3         | 4         | 5         | 6         | 7         | 8         |
| Land and buildings          | 30,000    | 30,000    | 30,000    | 30,000    | 30,000    | 30,000    | 30,000    | 30,000    |
| Machinery tools & Equipment | 61,000    | 61,000    | 61,000    | 61,000    | 61,000    | 61,000    | 61,000    | 61,000    |
| Motor Vehicles              | 12,000    | 12,000    | 12,000    | 12,000    | 12,000    | 12,000    | 12,000    | 12,000    |
| Furniture & Fixtures        | 1,000     | 1,000     | 1,000     | 1,000     | 1,000     | 1,000     | 1,000     | 1,000     |
| ANNUAL DEPRECIATION         | 104,000   | 104,000   | 104,000   | 104,000   | 104,000   | 104,000   | 104,000   | 104,000   |

APPENDIX V

**MAENDELEO TECHNOLOGIES LIMITED PROJECTED LONG TERM LOAN REPAYMENT**

| <b>Year</b> | <b>Principle</b> | <b>Loan Interest (8%)</b> | <b>Total Amount Paid</b> | <b>Loan Balance</b> |
|-------------|------------------|---------------------------|--------------------------|---------------------|
| 1           | 625,000          | 400,000.00                | 1,025,000.00             | 5,000,000.00        |
| 2           | 625,000          | 350,000.00                | 975,000.00               | 4,375,000.00        |
| 3           | 625,000          | 300,000.00                | 925,000.00               | 3,750,000.00        |
| 4           | 625,000          | 250,000.00                | 875,000.00               | 3,125,000.00        |
| 5           | 625,000          | 200,000.00                | 825,000.00               | 2,500,000.00        |
| 6           | 625,000          | 150,000.00                | 775,000.00               | 1,875,000.00        |
| 7           | 625,000          | 100,000.00                | 725,000.00               | 1,250,000.00        |
| 8           | 625,000          | 50,000.00                 | 675,000.00               | 625,000.00          |

