

RV 'S RADIANT GEMS AND MINING LIMITED

Business Plan

for

Gemstone Processing (Cutting and Polishing for local and export market)

PREPARED FOR

RV ' S RADIANT GEMS AND MINING LIMITED

ARUSHA

1.0. Introduction

RV'S RADIANT GEMS AND MINING LIMITED is a new company incorporated in Tanzania with Certificate of incorporation No. 149606459 dated 19th January 2021 the company is jointly owned by two shareholders.

RV'S RADIANT GEMS AND MINING LIMITED entered into joint venture agreement with MEDHA DIPINKUMAR SHANTILAL PATEL for gemstone mining and processing for local and foreign markets, the main office will be at Lemshuku village, Simanjiro district, Manyara region. The proposed area will be gemstone processing center

RV'S RADIANT GEMS AND MINING LIMITED focused on obtaining various eye-catching shapes from the rough gemstone. This gemstone cutting business plan, will be demonstrating the way the company Cuts will adopt in order to polish and shape the gemstone. RV'S RADIANT GEMS AND MINING LIMITED also aim to be amongst the medium size company providing gemstone processing facility of high quality with environmentally friendly equipment by the year 2023.

RV'S RADIANT GEMS AND MINING LIMITED location in Lemshuku village, Simanjiro district, Manyara region, is very strategic as is the area with large and gemstone quality deposit in Tanzania and availability of skilled work force is very fundamental for such project, Simanjiro is ideal place where abundant of skilled force are available that will lower overheads in running gemstone processing facility.

RV'S RADIANT GEMS AND MINING LIMITED intend to procure the best equipment in order to be able to produce best quality products which can competitively compete in gemstones global market. RV'S RADIANT GEMS AND MINING LIMITED goal is also to ensure that we build a business structure that will aid us in achieving our corporate goals and objectives.

RV'S RADIANT GEMS AND MINING LIMITED intention in running a smooth business with as less hitches as possible is to ensure that we hire the right number of employees who not only have an understanding of the industry and are professionals but also are attuned to our corporate goals and vision and are committed to ensuring that these goals and visions are achieved.

RV'S RADIANT GEMS AND MINING LIMITED intend to provide a conducive and friendly environment for our employees as well as ensure that they get the required training that is continuous in nature so as not only to enhance their skills and increase productivity for the organization but to also ensure that the skills gotten are the best across similar start-up such as ours in the industry.

2.0 Some of Few Selected Machines and other items

- Cutting Machine
- Lapidary machine
- Magnetic tumblers
- Micromotors
- Rotary tumblers
- Vibratory tumblers

3.0 The Sponsors

RV'S RADIANT GEMS AND MINING LIMITED will be sponsoring this project.

The Company is currently jointly owned by two shareholders.

Names of Shareholders	% of Shares	Nationality
DIPINKUMAR SHANTILAL PATEL	50	British
MEDHA DIPINKUMAR SHANTILAL PATEL	50	Tanzania

3.1 Objective of Study

The purpose of this study is to work out the technical and commercial details and financial viability of the project

3.2 Location

There are two considerations on this point. One is referred to the mine and the other is the processing plant. Ideally the first one must be close to the plant, but sometimes the area and accessibility are serious issues. Probably, the most critical aspect is the plant location due to the idea is to have a good foundation for the buildings to be constructed and use the geography of the area. The latter is important because the gravity force must be utilized at maximum because the energy is an operative cost that will influence the economy of the project.

If the plant will be located near cold zones where the temperature can reach low values, the building must consider special protection due to exists the

possibility of having frozen problems with the slurry. This situation is painful if the problem is not considered before. The project location of treatment plant has been selected after considering all factors, the project will be located at Lemshuku village, Simanjiro district, Manyara region.

3.3 Why the Business is being started

The board of directors of RV'S RADIANT GEMS AND MINING LIMITED know how to start a gemstones business due to all his paternal relatives in the gemstones processing field. The board not only has the knowledge of how to upgrade rough gemstone but the experience of teaching this skill for five years. Considering the money to be invested, the board has decided to opt for this business

3.4 Management

This business requires highly skilled business employees, delicate equipment and expensive machines. The management will source employees locally and internationally especially from India, currently the company have identified 17 people 7 foreigners and 10 locals and the company is at final stage of negotiation so as to have labor contract.

- 1 Accountant to maintain financial and other records

- 1 Sales Executives responsible for marketing and discovering new ventures
- 1 Gemstones Grading & Inspection Experts
- 4 Gemstones Cutting, Resizing, Polishing & Shaping Experts
- 1 Store Manager to operate sales and purchase unit
- 1 Technical Assistant to manage the company's websites and social media sites
- 1 General Assistants for carrying day-to-day tasks
- 1 Technician to deal with any inconvenience related to machines
- 1 Customer Representative to interact with customers and record their orders
- 4 Security Officers
- 1 Driver

3.5 What gemstones are found in Tanzania?

Gem varieties are found in Tanzania that include sapphire, ruby, emerald, spinel, tanzanite, alexandrite, tourmaline, zircon, aquamarine, tsavorite, spessartite, rhodolite and demantoid garnet. Tanzania has emerged as one of the most important gemstones producing countries in the region. Tanzania is

best known for the gemstone that bears its name, tanzanite. Tanzania (along with neighboring Kenya) is also the main source of the world's supply of the rare tsavorite garnet. Additionally, in the last few years, Tanzania has become an important source of sapphire, with some of the material being of sufficiently high quality that it can be sold without any heat treatment. Tanzania has also produced some very fine spinel and zircon in recent years, and Tanzanian ruby is starting to make an impact on the world market.

The most famous and productive mining area in Tanzania lies in the Merelani Hills, which is in the north of the country near Mt. Kilimanjaro. This is the location of the famous tanzanite mines, as well as some tsavorite garnet deposits.

3.6 Customers

As we'll be servicing in processing and cutting gemstones in required shapes so our customers will mainly be the jewelry stores, and the wealthy community.

3.7 How the Business will be started

RV'S RADIANT GEMS AND MINING LIMITED decided to hire employees with a certification in gemstones Cutting & Grading. The company plan to purchase the required machinery and tools.

Shaping and cutting is the basic thing which gives a gemstone its beauty, cutting by specific angles cause the gemstone to reflect light brilliantly. So, in order to have accurate cuts, gemstones Cuts will be using advanced machines, Laser Diamond Sawing Machine, and other latest equipment

3.8 Products

After training his staff, gemstones Cuts and polishing will provide the following services to its customers:

- Gemstones and Cutting from Rough: Our main service will be to convert rough gemstones crystal in various shapes such as oval, marquise, cushion, round, emerald or any other required.
- Repairing, Reshaping & Polishing: We'll repair, recut and reshape every type of gemstone.
- Buying & Selling: We will buy and sell gemstones in a small display store of our company.

3.9 Product Pricing

Gemstones cutting is a hard and technical job. Keeping in view the training, experience, and delicacy of our work, we haven't priced our services low. They are nearly the same as our competitors.

A gem's carat weight is usually among the first factors buyers take into account when selecting a precious stone as it is directly influential on its price. It is a measurement unit used in gemology to represent weight is usually abbreviated to cts (carats) or ctw (carat weight) for reference. When a jeweler refers to a gem of one carat, he is actually referring to a stone of 200 milligrams or 0.00705 oz.

Each carat is usually separated into 100 points to ensure a precise measurement. For example, a Tanzanite weighing 0.5 carat is referred to as a 'half-carat' or a 'fifty-pointer' and equals 100 milligrams. The Tanzanite value per carat tends to be higher for larger blue stones as they are now increasingly rare compared to their smaller counterparts.

3.8 Competitive Analysis

The biggest competitive advantage of our company will be its highly experienced and skilled staff. All our staff will be trained for using the

latest techniques to perform the task effectively. Secondly. And lastly, we are initiating our business in a location which is considered an ideal location for a gemstone dealing business.

3.9 Sales Strategy

To advertise and sell our services, our experts have come up with the following ideas:

- We'll send our introductory letters to our target customers with an offering of 5% discount to get introduced to them
- We'll advertise our services through the local and international newspaper and magazines specialized in gemstones
- We'll emphasize on our search engine marketing efforts to ensure a strong web presence

4.0 The average price of colored gemstones in Tanzania

For richly colored AAA Tanzanite, 1ct is approximately worth \$200-\$350 per carat. 2ct sizes reach \$400-\$550 per carat. 3 carats and up will reach \$500-\$675 per carat. The changes taking place in Tanzania makes tanzanite a very good investment stone

AAA+ is Exceptional Color ~ AAA is Vivid Color ~ AAA/AA is Intense
Color ~ AA is Moderate Color ~ A is Light Color

	(AAA+)	(AAA)	(AAA-AA)	(AA)	(A)	Pale
.00-.49ct	\$240	\$200	\$190	\$100	\$70	\$50
.50-.79ct	\$325	\$275	\$220	\$150	\$100	\$65
.80-1.25ct	\$425	\$300	\$260	\$220	\$150	\$100
1.25-1.99ct	\$550	\$450	\$325	\$300	\$175	\$125
2.00-2.99ct	\$650	\$550	\$450	\$350	\$200	\$150
3.00ct & Up	\$750	\$650	\$450	\$375	\$255	\$200

4.2 Annual Production capacity

The company is planning to produce 20,000 carat per year of processed gemstones and the average price of 1 carat is estimated at the lowest cost which is US\$ 200

4.3 Cost of goods available for sale

The company has estimated cost of goods available for sale plus other operating cost to be 65% of total revenue

4.4 **Market Potential**

The market research conducted by **RV'S RADIANT GEMS AND MINING LIMITED** reveals that there is a very big market potential domestically and internationally to absorb company's products, The use of gemstone jewelers is increasing globally

5.0 **Project's Investment Capital**

The estimated capital investment cost of the project is US\$ **5,000,000**.

RV'S RADIANT GEMS AND MINING LIMITED COST STRUCTURE

Land and Buildings	300,000.00
Machinery & Equipment	1,500,000.00
Motor Vehicles	90,000.00
Furniture & Fixtures	5,000.00
Pre exp	5,000.00
Others	100,000.00
Working Capital	3,000,000.00
TOTAL	5,000,000.00

For the project to be a reality a total investment amounting to US 5,00,000. is needed

(i) Land and Building (industrial premises): US\$50,000

The project has identified and secured JV agreement for mining site, and project processing site to accommodate machineries and also to be used as project office.

(ii) Machinery and Equipment: US\$ 1,500,000

Some US\$1,500,000 is anticipated to be spent on the purchase of different types of machines, working tools and equipments accommodating new technology

(iii) Motor Vehicles:US\$90,000

The project will need 1 truck, 1 Land Cruiser, and 1double cabin pick. These vehicles will be used to facilitate project business and double cabin pick up for administrative purposes.

(iv) Furniture: US\$5,000

This investment cost item has been estimated to cost US \$5,000. It will consist of office furniture such as tables, chairs, telephone, fax, machines, file cabinets, sofa chairs etc.

(v) Pre-Operational Expenses: US\$ 100,000

They cover things like company registration, expenses spent in exploring the viability of the project, especially the market/client identification exercise. Also included under this item are issues like consultancy fees, legal fees and recruitment and training costs of personnel.

(vi) Initial Working Capital: US\$3,000,000

Assumptions for working capital requirements have been estimated that it will cost US\$3,000,000. This will involve purchasing of raw materials, daily operating costs etc.

5.1 Financing pattern

Project will be financed by US\$3,000,000 long term loan and the remaining 2,000,000 contribution from company shareholders and cash flow from business

6.0 Financial Analysis

6.1 Considerations and Assumptions:

The corporate tax charged is 0% of the profits for 8 years. 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.

Revenues have been conservatively estimated based on experience of the promoters and trends in the industry.

6.2 Projected Revenue

For projection purposes, it is assumed that the economic life of the project is six years, and that revenue commence from the first year of operation.

RV'S RADIANT GEMS AND MINING LIMITED PROJECTED REVENUE LTD

	1	2	3	4	5	6
Revenue	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

6.3 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 6 years period. The position depicted is that the project earns profit throughout its life. Accumulated after profits grow from. US\$ **832,650** in first year to US \$ **5,373,900** in the 6th year

**RV'S RADIANT GEMS AND MINING LIMITED PROJECTED INCOME &
EXPENDITURE STATEMENT (US\$)**

	1	2	3	4	5	6
Revenue	4,000,000.00	4,000,000.00	4,000,000.00	4,000,000.00	4,000,000.00	4,000,000.00
Operating Expenses:	2,600,000.00	2,600,000.00	2,600,000.00	2,600,000.00	2,600,000.00	2,600,000.00
Profit before Depreciation & Interest	1,400,000.00	1,400,000.00	1,400,000.00	1,400,000.00	1,400,000.00	1,400,000.00
Interest	180,000.00	144,000.00	108,000.00	72,000.00	36,000.00	-
Depreciation	30,500.00	30,500.00	30,500.00	30,500.00	30,500.00	30,500.00
Gross Profit	1,189,500.00	1,225,500.00	1,261,500.00	1,297,500.00	1,333,500.00	1,369,500.00
Tax (30%)	356,850.00	367,650.00	378,450.00	389,250.00	400,050.00	410,850.00
Profit After Tax	832,650.00	857,850.00	883,050.00	908,250.00	933,450.00	958,650.00
Accumulated Profit	832,650.00	1,690,500.00	2,573,550.00	3,481,800.00	4,415,250.00	5,373,900.00

6.5 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1st, i.e., US\$1,043,150 of operation to the 6th year i.e., US\$ 6,096,900

RV'S RADIANT GEMS AND MINING LIMITED PROJECTED CASH FLOW "

US\$"

	0	1	2	3	4	5	6
SOURCES:							
Profit before interest and depreciation	0	1,400,000.00	1,400,000.00	1,400,000.00	1,400,000.00	1,400,000.00	1,400,000.00
Equity	2,000,000.00						
Loan	3,000,000.00						
Total Sources	5,000,000.00	1,400,000.00	1,400,000.00	1,400,000.00	1,400,000.00	1,400,000.00	1,400,000.00
Applications:							
Capital expenditure	1,940,000.00	-	-	-	-	-	-
working Capital & Others	3,060,000.00						
Cash	0	1,043,150.00	1,032,350.00	1,021,550.00	1,010,750.00	999,950.00	989,150.00
Tax	-	356,850.00	367,650.00	378,450.00	389,250.00	400,050.00	410,850.00
Sub total	5,000,000.00	1,400,000.00	1,400,000.00	1,400,000.00	1,400,000.00	1,400,000.00	1,400,000.00
Total applications	5,000,000.00	1,400,000.00	1,400,000.00	1,400,000.00	1,400,000.00	1,400,000.00	1,400,000.00
Accumulated cash		1,043,150.00	2,075,500.00	3,097,050.00	4,107,800.00	5,107,750.00	6,096,900.00

6.6 Projected Balance Sheet Statement

The projected value increases from US\$ 5,000,000 in 1st year

to US \$11,659,616.00 in 6th

RV'S RADIANT GEMS AND MINING LIMITED PROJECTED BALANCE SHEET " US \$"

Fixed Assets	-						
Opening balance	-	1,940,000.00	1,909,500.00	1,879,000.00	1,848,500.00	1,822,600.00	1,796,700.00
Additions	-						
Total Long-term Assets	-	1,940,000.00	1,909,500.00	1,879,000.00	1,848,500.00	1,822,600.00	1,796,700.00
Less depreciation	-	30,500.00	30,500.00	30,500.00	30,500.00	30,500.00	30,500.00
Closing balance	-	1,909,500.00	1,879,000.00	1,848,500.00	1,818,000.00	1,792,100.00	1,766,200.00
Working capital	3,060,000.00	3,060,000.00	3,060,000.00	3,060,000.00	3,060,000.00	3,060,000.00	3,060,000.00
Accumulated cash	-	1,043,150	2,075,500	3,097,050	4,107,800	5,107,750	6,096,900
Total assets	3,060,000.00	6,012,650.00	7,014,500.00	8,005,550.00	8,985,800.00	9,959,850.00	10,923,100.00
Financed by					4,251,000.00		
Equity	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00
Accumulated profit	-	832,650.00	1,690,500.00	2,573,550.00	3,481,800.00	4,415,250.00	5,373,900.00
Total equity	2,000,000.00	2,832,650.00	3,690,500.00	4,573,550.00	5,481,800.00	6,415,250.00	7,373,900.00
	0	-	-	-	-	-	-
Bank Loan	3,000,000.00	2,400,000.00	1,800,000.00	1,200,000.00	600,000.00		4,285,716.00
Total debts	3,000,000.00	1,800,000.00	1,800,000.00	1,200,000.00	600,000.00	-	4,285,716.00
Total equity and debts	5,000,000.00	4,632,650.00	5,490,500.00	5,773,550.00	6,081,800.00	6,415,250.00	11,659,616.00

6.7 Projected payback period

Total investment is US \$ 5,000,000 cash accumulation six year is US\$ 5,556,900.00 which is more than the initial investment by US\$ 556,900 the project payback Period is within 6years,

RV'S RADIANT GEMS AND MINING LIMITEDPAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	832,650.00	30,500	863,150	863,150.00
2	857,850.00	30,500	888,350	1,751,500.00
3	883,050.00	30,500	913,550	2,665,050.00
4	908,250.00	30,500	938,750	3,603,800.00
5	933,450.00	30,500	963,950	4,567,750.00
6	958,650.00	30,500	989,150	5,556,900.00

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 available gold mineral resources
- The project will create employment for **17** people on permanent contract basis as well as on temporary basis.

- It will create more business opportunities to local suppliers which will also have a economic trickledown.
- 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 have transfer of knowledge and skills to gemstones process management
- Increase of foreign currency

8.0 Implementation

Project implementation is expected to be relatively very short once project has been approved: -

RV'S RADIANT GEMS AND MINING LIMITED Implementation

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	March 2022
2	Placing order of machines	December– May 2022
3	Installing machines	May-June 2022
4	Recruitment	June 2022
5	In house training	June- December 2022
4	Testing production	January - March 2023
6	Commercial operations	April 2023

9.0 Conclusion & 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 TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.