

KAI YUE MINING INVESTMENT & TRADE COMPANY LIMITED



Business Plan For Quartz Processing



1.0 Executive Summary

KAI YUE MINING INVESTMENT & TRADE COMPANY LIMITED is a company incorporated in Tanzania with Certificate of Registration No.164481336 issued on 21st March 2023 the company is determined to become a one-stop center for Quartz products and related products in Dar es Salaam

The owner of the business developed an interest to operate a Quartz processing business in Tanzania as part of his business investment. He intends to start by leasing a warehouse at **House No. 72, near Visiga E, Visiga Madafu Street, Kibaha, Coast region**, and will employ 20 staff at the beginning later on the company plan to expand the processing line to Carter for foreign markets in neighboring countries

The uniqueness of this business is that KAI YUE MINING INVESTMENT & TRADE COMPANY LIMITED will operate in a modern way based on the specification of clients, and there shall be qualified staff to provide services.

2.0 Project Location

KAI YUE MINING INVESTMENT & TRADE COMPANY LIMITED is a business that will be located in the Coast region – The

Company has been able to secure a long-term lease at House No. 72, near Visiga E, Visiga Madafu Street, Kibaha, Coast region.

2.1 Objectives

KAI YUE MINING INVESTMENT & TRADE COMPANY LIMITED's objectives for the first year of operations are:

- Become selected as the "Best Quartz products supplier in Dar es Salaam.
- Turn in profits from the first month of operations.
- Maintain a **65%** gross margin.

2.2 Keys to Success

The keys to success will be:

- Quartz products designed that will be both visually attractive to customers.
- Employee training to insure the best quartz products available in the market.
- Marketing strategies aimed to build a solid base of loyal customers, as well as maximize the sales of high-margin products.

2.3 Mission Statement

The company's mission is to establish a world-class drive-through quartz products processing that will make available a wide variety of quartz products at affordable prices. The company plans to be opening chains of well - branded through Tanzania and other East African countries

The company will make its best effort to create unique quartz products. The company will invest its profits to increase employee satisfaction while providing stable returns to its shareholders.

3.0 Company Ownership

KAI YUE MINING INVESTMENT & TRADE COMPANY LIMITED is registered as a Limited Liability Corporation in the United Republic of Tanzania

KAI YUE MINING INVESTMENT & TRADE COMPANY LIMITED
will be sponsoring this project. The Company is owned by
2investors

Name of Shareholder	% of Shares	Nationality
Wang Yu P. O. Box 72593 DAR ES SALAAM, TANZANIA	80	Chinese
Qin Shihuan P. O. Box 72593 DAR ES SALAAM, TANZANIA	20	Chinese

3.1 Objective of the study

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

4.0 Quartz Product Overview

Quartz is a naturally occurring stone that's known for its toughness, heat resistance, and its ability to stay cool to the touch on hot summer days. Many homeowners see quartz as a luxurious upgrade over standard countertops because of these qualities.

There are several different types of quartz, including:

- **Black Onyx:** This stone is dark with red undertones. It's extremely durable and scratch-resistant.
- **Blue Danube:** The veins in blue Danube are light blue or white, giving it an elegant look. It has a matte finish that helps hide scratches well.
- **Golden Tiger Eye:** This stone has golden stripes running through it, which give it a unique appearance.

Quartz is now employed in a variety of businesses, including hotels, restaurants, and the manufacture of ceramic products. Quartz slabs are in high demand right now.

Uses:

Quartz stone slabs are used for commercial spaces and are ideal for home use as well, used in the kitchen or bathroom. Quartz stone is widely used to manufacture floors, wall tiles, countertops, table tops, etc.

Use it as an ornamental element in fountains, statues, or other decorative items. The most common use of quartz is in flooring. Stone is also used in kitchens and bathrooms for

countertops and splashbacks respectively, as well as being popular for cladding walls.

5.0 Manufacturing Process:

Quartz slabs are produced with vibrating feeders and screens. First, raw materials are introduced into a hopper by a vibrating feeder and screened with a conveyor belt to separate out oversized particles. The crushed product is then fed to a pan mill for further grinding, which changes it from lumps or powder into small grains that can be easily separated.

A cyclone sort and separates out oversized particles from smaller ones; then separation is done with either air current or an overflow weir. This process also helps remove dust and other impurities in order to improve quality.

Finally, the ground material is delivered through pipes to storage bins or directly into kilns for heating up. With fine powder-grinding ability, low energy consumption, and low cost per ton of finished products, ball mills are widely ready for use.

There are various advantages to beginning a quartz slab manufacturing company. Quartz slabs are popular because of their toughness and endurance, which helps them resist scratches and dents.

- They also resist damage from heat or sharp impacts, making them ideal for use as flooring, kitchen surfaces, and table tops in homes and companies. The glass-like appearance of these slabs also makes them appealing for interior design.
- Minimum setup cost
- High-profit margin
- Simple production process
- There is a large demand for excellent items at inexpensive rates
- Manufacturers do not face any rivalry because there are only a few companies making such things

6.0 Global Market Outlook:

From 2019 to 2026, the global quartz market was expected to increase at a CAGR of 6.4 percent, from \$8.23 billion in 2018 to \$13.61 billion in 2026. Quartz is one of the most

diverse minerals on the planet, and its many colors result in a wide range of gemstones. Quartz is predicted to fuel global market expansion as it becomes more widely employed in various end-user industries.

The quartz market's expansion is being stifled by its high cost. The growing use of quartz as a surface and tile is likely to propel the global market forward. In the quartz market study, high-purity quartz is expected to be the fastest-expanding segment.

The global Quartz Slabs market is predicted to increase at a CAGR of 4.9 percent from 2022 to 2026, from a value of 10600 million USD in 2020 to 14880 million USD by the end of 2026.

Asia Pacific accounted for the greatest portion of the worldwide market. Asia-Pacific is predicted to have the greatest growth in the near future due to increased infrastructural building activities and more consumer spending on visually upgraded designs.

The implementation of various engineered materials as well as architectural advanced technologies in North America is expected to drive significant market expansion.

After Asia Pacific and North America, Europe has a significant market share. The market in the region has grown as a result of the increasing application in the construction industry and greater commercialization.

The market for quartz slabs in Latin America, the Middle East, and Africa has grown as a result of leading manufacturers' investments and the building industry's positive expansion.

Average Quartz Countertop Cost per Square Foot

Quality	Cost Per Square Foot
Low quality	\$55 - \$65
Mid quality	\$65 - \$75
High quality	\$75 - \$200

7.0 Few selected Quartz Products Companies in Tanzania

- Seab Gems Ltd 🇹🇿
- LUHENGU MINERALS AGENCY 🇹🇿

- nuru haruna 🇲🇵
- crystal clear minerals 🇲🇵
- Nyota Gems Collections 🇲🇵
- Quartz (TZ) Co. Ltd. 🇲🇵
- busagara diomonds ltd 🇲🇵
- Spring Resources 🇲🇵
- TanGems 🇲🇵
- Delta energy 🇲🇵
- hassan gemstone&jewellers co 🇲🇵

7.1 Key Market Indicators

Tanzanian quartz export dropped 33% year-on-year in 2021, compared to 2020. Since 2004, the country has seen a 33.3% decrease in supply. Tanzania now ranks 54th, with Madagascar taking the lead at 14,230 kilograms. China, Spain and Norway follow as 2nd, 3rd and 4th in the ranking.

Tanzanian quartz import is predicted to reach almost 7 million kilograms by 2026, a 2.8% increase on average year-

on-year since 2000. As of 2021, the country ranks 28th, with Russia in the lead at 5.9 million kilograms. China, Norway and France occupy the 2nd, 3rd and 4th places, respectively.

7.2 Tanzania Quartz Market growth

- EXPORTS

In 2021, Tanzania exported \$136k in Quartz, making it the 64th largest exporter of Quartz in the world. At the same year, Quartz was the 444th most exported product in Tanzania. The main destination of Quartz exports from Tanzania are: China (\$133k), Burundi (\$1.76k), India (\$518), Canada (\$328), and United Arab Emirates (\$139).

The fastest growing export markets for Quartz of Tanzania between 2020 and 2021 were Burundi (\$1.7k), India (\$518), and Canada (\$328).

- IMPORTS

In 2021, Tanzania imported \$496k in Quartz, becoming the 69th largest importer of Quartz in the world. At the same year, Quartz was the 717th most imported product in Tanzania. Tanzania imports Quartz primarily from: India

(\$286k), China (\$191k), Pakistan (\$8.3k), Lebanon (\$7.38k), and Turkey (\$2.85k).

The fastest growing import markets in Quartz for Tanzania between 2020 and 2021 were China (\$158k), India (\$76.2k), and Lebanon (\$7.38k).

7.3 Average price

- The average price is US\$1.46 per Kg
- Annual production capacity 493,150kg

8.0 The Sponsors

KAI YUE MINING INVESTMENT & TRADE COMPANY LIMITED will be sponsoring this project.

8.1 Management Team

A full-time manager will be hired to oversee the daily operations. The candidate from one of the reputable manufacturers will be employed he has more than five years of managerial experience in the definite industry. This person's responsibilities will include managing the staff, ordering inventory, dealing with suppliers, developing a marketing strategy, and performing other daily managerial

duties. We believe that our candidate has the right experience for this role. A profit-sharing arrangement for the manager may be considered based on the first-year operational results. Total of 20 people to be employed

8.2 MONITORING AND EVALUATION

The Management has full commitment to ensuring products provided maintain the safety and standards required in the market. The quality control unit will establish a system of routine checking and getting feedback from customers, management philosophy is through business process, managers will strive to ensure compliance with standards and the safety of service and customers they serve.

8.3 ENVIRONMENT PROTECTION

The company intends to make environment friendly; the company will save the country's environment in the particular and the global environment in general

9.0 PROJECT INVESTMENT COST

The estimated capital investment cost of the project is US\$ 505,000.

**KAI YUE MINING INVESTMENT & TRADE COMPANY LIMITED
COST STRUCTURE**

PARTICULAR	US\$
Land and Buildings	80,000.00
Machinery & Equipment	200,000.00
Motor Vehicles	140,000.00
Furniture & Fixtures	15,000.00
Pre exp	10,000.00
Others	30,000.00
Working Capital	30,000.00
TOTAL	505,000.00

For the project to be a reality a total investment amounting to US\$505,000 is needed

9.1 FINANCING PATTERN

The project will be financed by equity by 100%; constituting US\$ 505,000

9.2 PROJECT OPERATING COSTS

In order to realize its intended objective, the project will have to meet the operating costs budgeted to be 60% of total revenue.

10.0 FINANCIAL ANALYSIS

10.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. The capital investment allowance is 50%. The capital assets are exempted from customs 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 the experience of the promoters and trends in the industry.

10.2 FINANCIAL STATEMENTS:

10.3 Projected Revenue

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

PROJECTED REVENUE LTD

	1	2	3	4	5
Revenue	720,000.00	777,600.00	839,808.00	906,992.64	979,552.05

10.4 PROJECTED PROFIT AND LOSS STATEMENT

The Income and Expenditure Statement shows 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 \$187,530 in the first year to US \$867,080 in the 5 year,

Appendix I

KAI YUE MINING INVESTMENT & TRADE COMPANY LIMITED
PROJECTED INCOME & EXPENDITURE STATEMENT
"US \$"

	1	2	3	4	5
Revenue	720,000.00	777,600.00	839,808.00	906,992.64	979,552.05
Operating Expenses	432,000.00	544,320.00	587,865.60	634,894.85	685,686.44
Profit before Depreciation & Interest	288,000.00	233,280.00	251,942.40	272,097.79	293,865.62
Depreciation	20,100.00	20,100.00	20,100.00	20,100.00	20,100.00
Gross Profit	267,900.00	213,180.00	231,842.40	251,997.79	273,765.62
Tax (30%)	80,370.00	63,954.00	69,552.72	75,599.34	82,129.68
Profit After Tax	187,530.00	149,226.00	162,289.68	176,398.45	191,635.93
Accumulated Profit	187,530.00	336,756.00	499,045.68	675,444.13	867,080.07

10.5 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\$ 207,630 of operation to the 5th year i.e. US\$ 828,928

Appendix I

KAI YUE MINING INVESTMENT & TRADE COMPANY LIMITED PROJECTED CASH FLOW

US\$

	0	1	2	3	4	5
SOURCES:						
Profit before interest and depreciation	0	288,000.00	233,280.00	251,942.40	272,097.79	293,865.62
Equity	505,000.00					
Loan	-					
Total Sources	505,000.00	288,000.00	233,280.00	251,942.40	272,097.79	293,865.62
Applications:						
Capital expenditure	435,000.00	-	-	-	-	-
working Capital & Others	70,000.00	-	-	-	-	-
Cash	0	207,630.00	30,674.00	182,390.00	196,498.00	211,736.00
Tax	-	80,370.00	63,954.00	69,552.72	75,599.34	82,129.68
Subtotal	505,000.00	288,000.00	94,628.00	251,942.72	272,097.34	293,865.68
Total applications	505,000.00	288,000.00	94,628.00	251,942.72	272,097.34	293,865.68
Accumulated cash		207,630.00	238,304.00	420,694.00	617,192.00	828,928.00

10.6 PROJECTED BALANCE SHEET

The projected Balance Sheet of the projected is shown in the financial statements under the same heading. Total shareholders' equity increases from US\$ 505,000 in the first year of operation to US \$ 1,372,080 in the 5th year.

KAI YUE MINING INVESTMENT & TRADE COMPANY LIMITED PROJECTED BALANCE SHEET US \$

Fixed Assets	0	1	2	3	4	5
Opening balance	-	435,000	414,900	394,800	374,700	361,600
Total Long-term Assets	-	435,000.00	414,900.00	394,800.00	374,700.00	361,600.00
Less depreciation	-	20,100.00	20,100.00	20,100.00	20,100.00	20,100.00
Closing balance	-	414,900.00	394,800.00	374,700.00	354,600.00	341,500.00
Working capital	70,000.00	70,000.00	70,000.00	70,000.00	70,000.00	70,000.00
Accumulated cash	-	207,630.00	238,304.00	420,694.00	617,192.00	828,928.00
Total assets	70,000.00	692,530.00	703,104.00	865,394.00	1,041,792.00	1,240,428.00
Financed by						
Equity	505,000.00	505,000.00	505,000.00	505,000.00	505,000.00	505,000.00
Accumulated Net profit	-	187,530.00	336,756.00	499,045.68	675,444.13	867,080.07
Total equity	505,000.00	692,530.00	841,756.00	1,004,045.68	1,180,444.13	1,372,080.07
Total equity and debts	505,000.00	692,530.00	841,756.00	1,004,045.68	1,180,444.13	1,372,080.07

10.7 PROJECTED PAYBACK PERIOD

Total investment is US \$ 505,000 cash accumulation in the third year is US\$ 559,345 which is more than the initial investment of US\$ 54,345 the project payback period is within 3 years,

The project has a relatively short payback period. It is remarkably impressive for a project whose investment is as big as US\$ 505,000 to be recovered within 3 years.

PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	187,530.00	20,100.00	207,630.00	207,630.00
2	149,226.00	20,100.00	169,326.00	376,956.00
3	162,289.68	20,100.00	182,389.68	559,345.68
4	176,398.45	20,100.00	196,498.45	755,844.13
5	191,635.93	20,100.00	211,735.93	967,580.06

11.0 ECONOMIC ASPECTS

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

- The project is an ideal option for the utilization business opportunities available in the Tanzania market
- The project will create employment for 20 people on a permanent basis.
- It will generate substantial revenue for the government in the form of corporate tax, value-added tax, and pay-as-you-earn.
- The project will have the transfer of knowledge and skills as far as the manufacturing industry is concerned

12.0 IMPLEMENTATION

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

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	April 2023
2	Rehabilitation of premises	May-October 2023
4	Furniture and fittings ordering	Jan-April 2024
6	Testing operations	April-May 2024
7	Commercial Operations	June 2024

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