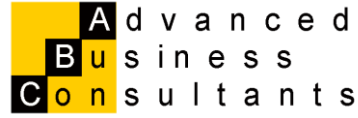


الأعمال المتقدمة للإستشارات المالية والإدارية



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Submitted to



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SULTANATE OF OMAN**

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**PROJECT PROFILE
FOR
SMALL SCALE STEEL FABRICATION UNIT**

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1. INTRODUCTION

1.1. GENERAL

Sultanate of Oman has witnessed a steady growth in the Industrial and Manufacturing sector over the last few years.

Government spending on investments were continuing for improving the overall infrastructure of the country. This has eventually led to growth in demand for fabricated products.

The recent oil market slump will have an impact on the overall economy and in turn on infrastructure related projects. This will further dive-in and impact the demand for fabricated products.

Even when there are many fabrication units with varying capabilities are currently present in the Sultanate, there is still room for other players in the market who can provide “quality service at affordable rates”.

2. MARKET ANALYSIS

2.1. PRODUCTS AND USES

Metal fabrication is the creation of metal parts, machinery, or components through forming, cutting, welding, brazing, soldering or riveting, bolt-fastening and other like processes. Fabrication process is used in almost all civil constructions, electricity transmission and distribution lines, Oil & gas applications etc.

In general, a steel fabrication plant can produce the following:

- All kinds of steel structures for various purposes
- Industrial sheds
- Car Parking Sheds
- Porta Cabins / Water Storage Tanks & Fuel Tanks
- Spiral Staircases & Ladders etc.

2.2. DEMAND ESTIMATES FOR STEEL FABRICATED PRODUCTS

2.2.1. Demand Estimation

The demand estimates have been established based on the Local Production capabilities of the Sultanate and net imports.

2.2.2. Local Production Facilities

There are many steel fabrication facilities in Oman. Following are some of the major fabricators:

Company	Location
Al Turki Enterprises LLC (Steel Fabrication Div.)	Ghala
Al Ansari Engineering Services LLC	Muscat
Al Hassan Engineering Co. SAOG	Ghala
Al Hajri Group (Fabrication Unit)	W. Kabir / Nizwa / Sohar
Saud Bahwan - Steel Fabrication	Muscat

Company	Location
United Industrial Services CO (Towell Engg.)	Ruwi
Extreme International LLC	Seeb
National Steel Fab LLC	Ghala
Muscat Technical Co	Wadi Kabir
Mustafa & Kamal Ashraf Trading Co Llc	Wadi Kabir
Sur United International-Fabrication Division	Muscat
BILAD (Oman) LLC	Rusyal
Oman Steel Co LLC	Ghala
Sandrose Trading LLC	Azaiba
Technical Trading Co. LLC	Sohar /Salalah / Nizwa
Special Technical Services LLC	Nizwa/Sohar
Target LLC Steel fabrication division	Nizwa
Gulf Structural steel LLC, Nizwa	Nizwa
Dunes Industries LLC	Sohar

In addition to the above there are hundreds of small steel fabrication units all over Oman. The following table illustrates the trend the growth of the steel fabrication industry in Oman.

Details	2005	2006	2007	2008	2009	2010
Capital Formation (Million RO)	16.5	17.6	29.4	31.5	36	35.4
Total Employees (Nos.)	2,549	4,458	6,589	6,047	6,693	7,504
Materials Consumed (Million RO)	46.3	53.2	85.2	80.5	92.4	88.5
Output (Million RO)	48.4	66.5	103.9	109.1	143.9	227.3
Compounded Annual Growth Rate of Output (2005-2010)						36%

Source: Annual Industry Report, MOCI

It may be noted:

- With the steel prices in 2010 around RO 270 per ton the estimated output in 2010 is about 840,000 tons.
- The following table illustrates the estimated domestic production in tons with a conservative growth rate of 10 % during 2011 to 2014.

Details (in '000 Tons)	2010	Growth Rate	2011	2012	2013	2014
Estimated production	840	10%	924	1,016	1,118	1,230

2.2.3. Foreign Trade of Fabricated Steel products

The net import of steel fabricated products into the sultanate has been arrived at based on the import-export statistics published by the Directorate general of Customs, Royal Oman Police, Sultanate of Oman, as well as UN Trade data and detailed survey of the trade in Oman. The findings are illustrated in the table below.

Details	2010	2011	2012	2013	2014
	<i>Figures in Tons</i>				
HSC:730810 - Bridges and bridge sections, iron or steel					
Import	7,927	5,270	6,823	2,579	4,024
Export	30	0	5,325	491	406
Net Import	7,897	5,270	1,498	2,088	3,618
HSC: 730820 - Towers and lattice masts, iron or steel					
Import	22,925	23,970	27,944	21,047	26,218
Export	0	22	50	2	8
Net Import	22,925	23,948	27,894	21,045	26,210
HSC: 730830 - Doors, windows & their frames & thresholds for doors of iron or steel					
Import	3,298	3,353	4,109	4,629	5,847
Export	254	549	103	105	68
Net Import	3,044	2,804	4,006	4,524	5,778
HSC: 730840 - Props & similar equipment for scaffolding, shutter/pit-propping					
Import	14,006	14,584	19,532	27,108	27,587
Export	2,207	1,036	6,732	12,094	1,320
Net Import	11,799	13,548	12,800	15,014	26,267
HSC: 730890 - Structures & parts of structures (ex prefab buildings of heading no.9406)					
Import	70,849	48,189	53,898	90,847	1,940
Export	2,760	4,010	6,272	7,383	17
Net Import	68,089	44,179	47,626	83,464	1,923

Source: UN Trade Data / ROP Data

2.2.4. Summary of Net Import of Steel Fabricated Products in the Sultanate

The summary of net import of steel fabricated products into the sultanate is given in the table below:

HSC: 7308–Fabricated Steel Structures (In Tons)					
Details	2010	2011	2012	2013	2014
Import	119,005	95,366	112,306	146,210	65,616
Export	5,251	5,617	18,482	20,075	1,819
Net Import	113,754	89,749	93,824	126,135	63,797

2.2.5. Domestic Demand

The domestic demand estimated based on the local production and the net imports is summarised below:

Detail	2010	2011	2012	2013	2014
Local Production (tons)	840,000	924,000	1,016,000	1,118,000	1,230,000
Net Imports (tons)	113,754	89,749	93,824	126,135	63,797
Total consumption (tons)	953,754	1,013,749	1,109,824	1,244,135	1,293,797

It may be noted that above demand estimates exclude the captive production of steel fabrication done by the major end users in construction and manufacturing sector.

2.2.6. Market Analysis - Conclusion

Demand for steel fabrication products is driven by the growth in the construction of residential, commercial, hospitality, industrial and institutional building complexes/bridges/industries/other sectors. However, with the recent slump in the Oil sector, the growth expected to decline for the next few years and expected to stabilise by year 2018.

Thus the proposed project can cater to the demand of the overall market by providing quality service at affordable rates.

3. TECHNICAL ANALYSIS

3.1. LAND AND BUILDING

The company will be on an industrial shed with a land area of 2,200 Sq.m and with building & civil works mounting to 2,065 Sq. m. Details are in Annexure 1.1 and 1.2.

3.2. PROCESS AND TECHNOLOGY

The process of fabrication includes the following:

- Cutting
- Shearing
- Bending
- Assembling
- Welding
- Finishing
- Painting

3.3. MACHINERY & PLANT CAPACITY

The annual production capacity is estimated at 1,200 tons per annum. The details of capacity and the capacity utilisation for various years are given in the table below:

Details	Year 1	Year 2	Year 3	Year 4	Year 5
Installed capacity (Tons)	1,200	1,200	1,200	1,200	1,200
Capacity utilisation	70%	75%	80%	90%	90%
Actual Production considered for financial Projection (Tons)	840	900	960	1,080	1,080

3.4. VEHICLES

The vehicles are required for movement of raw materials and internal material movement. Details of Vehicles are provided in Annexure 1.4.

3.5. RAW MATERIALS AND CONSUMABLES

Raw materials include Plate metal, Formed and expanded metal, welding wire/welding rod, Fitting & Casting. Apart from this, consumables include thinner, gas, grinding wheels etc.

3.6. UTILITIES

3.6.1. Water

Water is required for processing as well as general consumption. It is estimated that 720 cubic metre of water is required per annum.

3.6.2. Electricity

Electricity is used for machine operations and for general purpose lighting. The connected load is 200 kVA.

3.7. MANPOWER

The total manpower required for the operation in the normal year is 24.

4. FINANCIAL ANALYSIS

4.1. PROJECT COST

The total cost of the project is estimated at RO 201,000. Details are given in Annexure - 1. The break-up is given below:

Details	Amount (RO)
Plant & Machinery	54,000
Vehicles and Internal Transport	13,000
Furniture & Office Equipment	10,000
Pre- Operative Expenses	18,000
Contingency & Escalation	5,000
Sub Total	100,000
Working Capital	101,000
TOTAL CAPITAL	201,000

4.1.1. Land & Building

The total extent of land is 2,200 Sq. M which will be taken on lease. Details are provided in Annexure 1.1 and 1.2.

4.1.2. Plant & Machinery

The total cost of plant and machinery is estimated at RO 54,000. Details are given in Annexure- 1.3.

4.1.3. Vehicles & Internal Transport

The total cost of vehicles and internal transport is estimated at RO 13,000. Details are given in Annexure- 1.4.

4.1.4. Furniture & Office Equipments

The total cost of furniture and office equipment is estimated at RO 10,000. Details are given in Annexure- 1.5.

4.1.5. Pre Operative Expenses

The pre-operative expenses include expenses for feasibility study, interest during project implementation, salaries and wages of project staff, travel and communication, legal fees, audit fees and other miscellaneous expenses. The total pre-operative expenses are estimated at R.O 18,000. Details are given in Annexure- 1.6.

4.1.6. Contingency & Escalation

A provision of 5 % of the estimated cost of items including building, plant & machinery, vehicles, technical know-how fee etc., is provided in the Project cost towards price escalation and any unforeseen expenses. This works out to RO 5,000. Details are given in Annexure- 1.7

4.1.7. Working Capital

Following assumptions are made for computation of working capital.

Details	Period
Accounts Receivable	1 Month
Raw Materials	1 Month
Consumables & packing	1 Month
Utilities	1 Month
Factory Wages	1 Month
Administration Expenses	1 Month
Sales Expenses	1 Month
Work in Progress	10 Days
Finished Goods	1 Month
Finance Cost	1 Month
PAYABLES	
Raw Materials	1 Month

The working capital requirements for the first 4 years of operation are given below. The working capital requirement in the first year comes to RO 101,000. Details are given in Annexure 1.8.

Particulars	Year 1	2	3	4
Working Capital Requirement (RO '000)	101	128	134	143

4.2. MEANS OF FINANCE

It is proposed to finance the Project as indicated in the following table.

Means of Finance	Amount (RO)
Equity Capital (20% of Project Cost)	40,200
Term Loan from Al Raffd Fund	90,100
Commercial Loan for Working Capital	70,700
TOTAL	201,000

It is proposed that the total project cost of RO 201,000 will be financed by owner's fund [equity] to the tune of RO 40,200, term loan with an interest of 3% for RO 90,100 and commercial borrowings for working capital at RO 70,700. The working capital loan is expected to carry interest @ 6% per annum.

It is to be noted that as the project is proposed under SME (Small and Medium Business Enterprises) sector, the promoter can avail funding facility from various sources like Al Raff'd Fund, Sharakah Fund, Oman Development Bank or through other commercial banks offering support to SMEs by providing lesser interest rates. The term loans are available at minimal interest rates in the range of 1% to 3%. Conservatively, the project considers an interest rate of 3%. Similarly, the funding institution expects a promoter contribution of 5 - 10% only under various schemes. For financial projections, the calculations consider a promoter's contribution of 20% of the total project cost.

4.3. COST OF SALES

The cost of sale has been projected for the first ten years of operation (Annexure-2) and those of first five years are summarized as below:

(Figures are in RO '000)

Details	Year 1	Year 2	Year 3	Year 4	Year 5
Raw Materials & Consumables	244	262	279	314	314
Packing Materials	2	3	3	3	3
Utilities	7	8	8	9	9
Factory Wages	120	120	124	127	131
Prime Cost	374	392	414	454	458
Rent for Land	66	66	66	66	66
Factory Overheads	2	2	2	2	2
Misc. Factory Exp.	4	4	4	5	5
Factory Cost	446	464	486	527	531
Admin. Salaries	74	76	79	81	84
Admin. Expenses	15	15	16	17	18
Total Admin Expenses	89	92	95	98	101
Sales Salaries	17	17	18	18	19
Sales Expenses	0	0	0	0	0
Adv. & Business Promotion	3	3	3	4	4
Total Sales & Distribution Costs	20	20	21	22	23
Operating Cost	554	577	602	647	655
Int. on Institutional Finance	3	3	2	2	1
Int. on Working Capital	4	4	5	5	5
Total Finance Cost	7	7	8	7	7
Depreciation	11	11	11	11	11
Prelim-Exp Written Off	18	0	0	0	0
Total Cost	590	595	621	665	673

4.3.1. Raw Materials

The cost of raw materials & consumables works out to RO 349,140. Please refer Annexure 2.1 for details.

4.3.2. Utilities

The total cost of utilities for working in full capacity is RO 10,531. The basis of estimate is given in Annexure - 2.2.

4.3.3. Salaries & Wages

The cost of salaries and wages in the normal year of operation is RO 211,056. Details are given in Annexure 2.3.

4.3.4. Factory Overheads

The annual expenses include repairs and maintenance, civil repairs, cost of spares, spare parts, insurance and vehicle expense and the same is estimated at RO 1,764 for the first year, RO 1,911 for the second and RO 2,058 for the third year. Details are given in Annexure- 2.4.

4.3.5. Administrative Expenses

The basis of estimates of administrative expenses inclusive of salaries & wages is given in Annexure 2.5 and it works out to RO 89,000. Administrative expense includes salaries and benefits, rents and food, vehicle expenses, communication related expenses, stationery, etc.

4.3.6. Sales Expenses

Total sales expenses including salary are estimated at RO 16,800. Details are given in Annexure- 2.6

4.3.7. Depreciation

Depreciation works out to RO 59,488. Depreciation calculation is given in annexure- 2.7. The following are the rates considered for the calculation of depreciation.

Assets	Life (years)	% of depreciation
Buildings	20	5
Plant & Machinery	10	10
Technical Know-How	10	10
Vehicles and Internal Transport	4	25
Furniture & Office Equipment	5	20

4.3.8. Loan & Interest Calculation

Interest rate for term loan and loan for working capital is taken at 3% and 6% respectively. Details of interest calculations are given in Annexure- 2.8

4.4. INCOME TAX

No income tax is considered for the proposed unit.

4.5. SALES REALIZATION

The annual sales realization at installed capacity is given as annexure 3.1. The annual sales realization is provided below:

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales - RO '000	567	608	648	729	729

4.6. COST RATIOS

The major cost indicators as a percentage of sales realization are given in Annexure- 3.

Details	Year 1	Year 2	Year 3	Year 4	Year 5
Raw Material / Total Sales	43.1%	43.1%	43.1%	43.1%	43.1%
Utilities / Total Sales	1.3%	1.3%	1.3%	1.3%	1.3%
Factory wages / Total Sales	21.2%	19.8%	19.1%	17.5%	18.0%
Prime Cost/ Total Sales	66.0%	64.6%	63.9%	62.3%	62.8%
Factory exp. / Total Sales	1.0%	1.0%	1.0%	0.9%	0.9%
Factory Cost/ Total Sales	78.6%	76.4%	75.1%	72.3%	72.8%
Admin. Exp. / Total Sales	15.7%	15.1%	14.7%	13.5%	13.9%
Selling exp. / Total Sales	3.5%	3.3%	3.3%	3.0%	3.1%
Finance Cost / Total Sales	1.2%	1.1%	1.2%	1.0%	0.9%
Non-Cash exp. / Total Sales	5.1%	1.8%	1.7%	1.5%	1.5%
Total Cost/ Sales	104%	97.9%	95.9%	91.3%	92.3%

Being an engineering unit with skilled operators employed, the factory wages other than Raw Material costs would be a major cost element.

4.7. NET PROFIT AND PROFITABILITY ANALYSIS

As per the financial projection in Annexure - 3, the venture is financially viable. The summary of the analysis is given under:

(Figures are in RO '000)

Details	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	567	608	648	729	729
Operating Cost	554	577	602	647	655
PBDIT	13	31	46	82	74
Depreciation	11	11	11	11	11
Finance Cost	7	7	8	7	7
Prelim. Exp. Written off	18	-	-	-	-
Profit after tax	-23	13	27	64	56

4.8. KEY APPRAISAL CRITERIA

The viability of the project based on major appraisal criteria is given below.

Detail	Value
Total Investment	RO 201,000
Equity Investment	RO 40,200
IRR on total investment	15.4%
IRR on Equity	39.4%
Payback period of Total Investment	5 years 7 months
Payback period on equity	3 Years 7 months
Break Even Point (as % of Capacity)	63.8%
Cash Break Even Point (as % of Capacity)	61.3%

4.9. SENSITIVITY ANALYSIS

A sensitivity analysis has been carried out to determine the susceptibility of the project to changes in main variables. Effect on the IRR on equity investment, based on 10 years of operation due to change in various variables is as follows:

Particulars	Original	RM Cost up by 10%	RM Cost down by 10%	Sales Value down by 10%
IRR on Investment	15.4%	5.1%	7.6%	-5.3%
IRR on equity	39.4%	12.7%	-2.9%	-10.5%

5. WAY FORWARD FOR PROJECT IMPLEMENTATION

5.1. DUE DILIGENCE

- The cost estimates of Plant and Machinery is based on secondary research and actual cost during implementation stage could change based on various factors like currency exchange rates, machinery suppliers' raw material price increase etc.
- The investor for the project should receive actual quotations from potential machinery suppliers and validate the cost of plant and machinery before implementing the project.
- The study has covered the market aspects through extensive secondary market research and rapid primary research. It is recommended that the entrepreneur conducts his own market research to assess whether he would be able to succeed in capturing the market shares illustrated in the profile

5.2. KEY SUCCESS FACTORS

- Achieving projected sales volumes and ensuring capacity utilisation.
- Sustained Quality of products and services offered ensures market growth. The entrepreneurs should have a comprehensive quality system to cover the entire supply chain (RM sourcing to after sales service).
- The cost of raw material and its variance is another major factor that shall influence the project viability. The entrepreneurs should have an effective system of tracking / monitoring the raw material prices and implement a system of linking RM cost vis-à-vis end product pricing
- Many SMEs fail due to the absence of accounting systems and practices. Regular accounting, assessing profitability and working capital management are critical for the success of any SME project.

ANNEXURE- 1					
SMALL SCALE FABRICATION UNIT					
ESTIMATED PROJECT COST					
S. No.	Item	Refer		Amount	Remarks
		App.		(R.O)	
A1	PROJECT COST				
1	Land Development for Plant Site	1.1	0		On Lease Rental
2	Building etc.	1.2	0		On Lease Rental
3	Plant & Machinery	1.3	54,000		Estimates
4	Vehicles and Int. Transport	1.4	13,000		Estimates
5	Furniture & Office Equip.	1.5	10,000		Estimates
6	Pre- Operative Expenses	1.6	18,000		Estimates
7	Contingency & Escalation	1.7	5,000		Estimates
	Sub Total		100,000	100,000	
A2	WORKING CAPITAL		100,779	101,000	
A3	TOTAL			201,000	
	Say			201,000	
B	MODE OF FINANCE				
1	Equity			40,200	20% of Total Project Cost
2	Term Loan			90,100	
3	Sub Total			130,300	
4	Borrowings for Working Capital (@ 6%)			70,700	70% WC Loan
	TOTAL CAPITAL			201,000	

ANNEXURE- 1.1					
SMALL SCALE FABRICATION UNIT					
ESTIMATED COST OF LAND & SITE DEVELOPMENT					
S.No.	Item	Unit	Q'ty	Amount (R.O)	Remarks
A	LAND				
1	Land for Plant	Sq. M	2,200		On lease
	TOTAL	Sq. M	2,200	-	

ANNEXURE- 1.2				
SMALL SCALE FABRICATION UNIT				
ESTIMATED COST OF BUILDING & CIVIL WORKS				
S.No.	Item	Area	Amount	Remarks
		(Sq. M)	RO	
A	MAIN PLANT BUILDINGS			Will be leased as Industrial Shed at a rate of RO 2.500 per Sq. M. per Month
1	Production Line	1,500	-	
	Sub Total	1,500	-	
B	OTHER BUILDINGS			
1	Stores	150	-	
2	Mechanical Repair Workshop	150	-	
3	Office Building	100	-	
4	Reception Room	10	-	
5	Laboratory	20	-	
	Sub Total	430	-	
C	OTHER CIVIL WORKS			
1	Canteen	50	-	
2	Workers change Room / Showering Room	50	-	
3	Lavatory	25	-	
4	Guard Room	10	-	
	Sub Total	135	-	
	TOTAL	2,065	-	

ANNEXURE- 1.3					
SMALL SCALE FABRICATION UNIT					
ESTIMATED COST OF PLANT & MACHINERY					
S.No.	Item	Q'ty (Nos.)	Rate (RO)	Amount (R.O)	Remarks
A	MAIN PLANT & MACHINERY				
1	Digital Cutting Machine	1	6,000	6,000	
2	H Beam Assembly Machine	1	7,000	7,000	
3	Press	1	6,000	6,000	
4	Radial Drill	1	4,000	4,000	
5	Required Arc Welding Machines	1	1,200	1,200	
6		2	500	1,000	
7	Airless Spray Machine	1	1,200	1,200	
8	Blasting Machine	1	2,500	2,500	
9	Shearing Machine	1	8,000	8,000	
10	Threading Machine	1	600	600	
11	Air Compressors	1	300	300	
12	Hand Arc Welding Machine	1	300	300	
	Sub total			38,100	
B	MECHANICAL WORKSHOP / SERVICES - Local				
1	Mechanical Workshop			2,000	Estimates
2	Electrical & Instrumentation - workshop			2,000	Estimates
3	Workshop Consumables			500	Estimates
	Sub Total			4,500	Sum B1 to B3
C	AT SITE COST				
1	Total cost of Imported plant			38,100	Sum A+B
2	Spares - Import			1,905	5% of D1
3	Packing, Insurance Forwarding & Freight - Import			1,600	At 4% of D1 & D2
4	Clearing & Transport to Site			400	At 1% of D1 & D2
5	CIF cost of Imported Machinery			42,005	Sum of D1 to D4
6	Total Cost of Local machinery			4,500	Sum B & C
7	Spares - Local			500	Lumpsum
9	Total Cost of Local machinery			5,000	Sum of D6 to D8
10	At Site Cost			47,005	Sum of D5 & D9
D	ERECTED COST				
1	At Site Cost			47,005	D10
2	Cost of erection (Including Civil Works)			2,350	At 5% of E1

ANNEXURE- 1.3

SMALL SCALE FABRICATION UNIT

ESTIMATED COST OF PLANT & MACHINERY

S.No.	Item	Q'ty (Nos.)	Rate (RO)	Amount (R.O)	Remarks
3	Technical Supervision - Import			5,000	Lumpsum
5	TOTAL COST			54,356	
	GRAND TOTAL			54,000	

ANNEXURE- 1.4					
SMALL SCALE FABRICATION UNIT					
ESTIMATED COST OF VEHICLES & INTERNAL TRANSPORT					
S.No.	Item	Q'ty (Nos.)	Rate	Amount (R.O)	Remarks
A	VEHICLES				
1	Cars	1	6,000	6,000	For Office Use
	Sub Total			6,000	
B	TRANSP. EQUIPMENT/Vehicle				-
1	Fork lifts - 5 T	1	7,000	7,000	
	Sub Total			7,000	
	TOTAL			13,000	

ANNEXURE- 1.5					
SMALL SCALE FABRICATION UNIT					
ESTIMATED COST OF FURNITURE & OFFICE EQUIPMENT					
S.No.	Item	Q'ty	Rate	Amount (R.O)	Remarks
A	Furniture & Fixtures				
1	Office Furniture			2,000	
2	Factory & Canteen Furniture			1,000	
	Sub total			3,000	
B	Office Equipment				
1	Computers & Printers	5	400	2,000	
2	Photocopier	1	1,500	1,500	
3	Fax, telephone etc			500	
4	Other Office equipment			1,000	
5	Air Conditioner	4	250	1,000	
6	Miscellaneous items			500	
	Sub total			6,500	
	TOTAL			9,500	
				10,000	

ANNEXURE- 1.6				
SMALL SCALE FABRICATION UNIT				
ESTIMATED COST OF PRE-OPERATIVE EXPENSES				
S.No	Item	(R.O)	Amount (R.O)	Remarks
1	Preliminary Expenses		500	Up to formation of Co.
2	Feasibility Studies		3,000	
3	Project Management Expenses		-	
4	Company Employees			
a	Salary & benefits - Plant Manager	1,400		1 Month
b	Salary & benefits - Admin. Staff	3,500		1 Month
c	Visa, Passage etc.	3,200		For Expatriates at R.O 200/ person
	Sub Total		8,100	
5	Financing Cost			
a	Institutional Loan Interest	1,352		At 3% for Term Loan for 6 months
b	Mortgage Expenses	451		At 0.5% on Institu: Loan
c	Other Bank Charges	1,000		Lumpsum
	Sub Total		2,802	
6	Communication		600	R.O 100/M for 6 Months
7	Travel		500	Lumpsum
8	Recruitment Charges		1,600	RO 100 per expat employee
9	Audit Fees, Legal Fees		500	Lumpsum
10	Insurance		108	At 0.2 % of Plant & Bldg.
11	Start Up Expenses		500	Estimate
	Total		18,210	
	Say..		18,000	

ANNEXURE- 1.7					
SMALL SCALE FABRICATION UNIT					
ESTIMATES OF CONTINGENCY AND ESCALATION					
S. No.	Item	Cost	Rate	Provision	Remarks
		(R.O)	(%)	(R.O)	
A	FIXED ASSETS				
1	Land for Plant Site	0	5.0	-	
2	Building etc.	0	5.0	-	
3	Plant & Machinery	54,000	5.0	2,700	
4	Vehicles and Int. Transport	13,000	5.0	650	
5	Furniture & Office Equip.	10,000	5.0	500	
6	Pre- Operative Expenses	18,000	5.0	900	
	TOTAL			4,750	
				5,000	say

ANNEXURE-1.8

SMALL SCALE FABRICATION UNIT

ESTIMATES OF WORKING CAPITAL REQUIREMENTS

S.No.	Item	Req.		1	2	3	4	Remarks
				In RO '000				
1	Acct. Receivable	30	Days	46	48	50	54	Cost of sales - Non C Ex.
2	Raw Materials	30	Days	20	22	23	26	
3	Consumables &Packing	1	Month	0.2	0.2	0.2	0.3	
4	Utilities	1	Month	1	1	1	1	
5	Factory Wages	1	Month	10	10	10	11	
6	Admin Expenses	1	Month	7	8	8	8	
7	Sales Expenses	1	Month	2	2	2	2	
8	Work in Progress	10	Days	12	13	13	14	At Factory Cost
9	Finished Goods	15	Days	22	47	49	53	At total Cost-Non cash-Selling and Distribution
10	Finance Cost	1	Month	1	1	1	1	At Finance Cost
11	Total			121	150	157	169	
11	Payables		Months					
	Raw Materials	1	Month	20	22	23	26	
	Consumables &Packing	0	Months	0	0	0	0	
	Subtotal			20	22	23	26	
	Total Working capital			101	128	134	143	

ANNEXURE- 2												
SMALL SCALE FABRICATION UNIT												
COST OF SALE												
											Amount In RO '000	
Year of Operation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
Capacity Utilisation	70%	75%	80%	90%	90%	90%	90%	90%	90%	90%		
1	Raw Materials	244	262	279	314	314	314	314	314	314	314	Ref. Annexure 2.1
2	Packing Materials	2	3	3	3	3	3	3	3	3	3	@ 1% of RM Cost
3	Utilities	7	8	8	9	9	9	9	9	9	9	Ref. Annexure 2.2
4	Factory Wages	120	120	124	127	131	135	139	143	148	152	Ref Annexure 2.3
5	PRIME COST	374	392	414	454	458	462	466	470	474	479	Sub total of 1 to 4
6	Rent for land	66	66	66	66	66	66	66	66	66	66	At RO 2.5 per Sq m per Month
7	Factory Overheads	2	2	2	2	2	2	2	2	2	2	Ref Annexure 2.4
8	Misc. Factory Exp.	4	4	4	5	5	5	5	5	5	5	At 1% of (5) & (7)
9	FACTORY COST	446	464	486	527	531	535	539	543	547	552	Sub total of 5 to 8
10	Admin. Salaries	74	76	79	81	84	86	89	91	94	97	Ref Annexure 2.3 & 2.5
11	Admin. Expenses	15	15	16	17	18	19	20	21	22	23	Ref Annexure 2.5
12	Total Admin Exp	89	92	95	98	101	105	108	112	116	120	Sum (10) & (11)
13	Sales Salaries	17	17	18	18	19	19	20	21	21	22	Ref Annexure 2.3 & 2.6
14	Other Sales Expenses	0	0	0	0	0	0	0	0	0	0	Ref Annexure 2.6
15	Advert.& Business Promotion	3	3	3	4	4	4	4	4	4	4	At 0.5% of local Sales
16	Total sales & dist: costs	20	20	21	22	23	23	24	24	25	26	Sum of (13 to 15)
17	OPERATING COST	554	577	602	647	655	663	671	679	688	697	Sum(9)+(12)+(16)
	Finance cost											
18	Int on Institutional finance	3	3	2	2	1	1	1	0	0	0	Ref Annexure 2.8
19	Int on working capital	4	4	5	5	5	5	5	5	5	5	Ref Annexure 2.8
20	Total finance cost	7	7	8	7	7	6	6	6	5	5	Sum(18)+(19)
	Non cash expenses											
21	Depreciation	11	11	11	11	11	11	11	11	11	11	Ref Annexure 2.7
22	Prelim Expenses written off	18	0	0	0	0	0	0	0	0	0	Ref Annexure 2.7
23	COST OF SALE	590	595	621	665	673	680	688	696	705	714	Sum 17+20+21+22

ANNEXURE- 2.1						
SMALL SCALE FABRICATION UNIT						
ESTIMATED COST OF RAW MATERIAL						
S. No	Particulars	Unit	Quantity	Rate	Amount	Remarks
				RO	RO	
A	RAW MATERIALS					
1	Steel Plates	Ton	1,380	230	317,400	
2	Welding Rods	Ton	69	400	27,600	
3	Other consumables*				4,140	
	Sub Total				349,140	
	Total				349,140	
	*Gas Cylinders, Grinding & cutting wheels;					
	cutting tools & welding accessories					

ANNEXURE- 2.2						
SMALL SCALE FABRICATION UNIT						
ESTIMATED COST OF UTILITIES						
S.No.	Item	Unit	Qty	Rate	Amount	Remarks
					(R.O)	
A	Utilities					
1	Electricity	KWH	576,000	0.016	9,216	
2	Water	Cu. M	720	0.66	475	
3	Diesel	Litres	6,000	0.14	840	
TOTAL					10,531	

ANNEXURE- 2.3

SMALL SCALE FABRICATION UNIT

ESTIMATES OF ANNUAL SALARIES AND WAGES

S. No.	Item	No of		Salary		Amount (R.O)	Remarks
		Personnel		(R.O)			
A	PRODUCTION	Omanis	Expat	Omanis	Expat		
1	Works Manager (Engineer)	0	1	0	1000	12,000	
2	Machine operator	0	1	0	700	8,400	
3	Production - Skilled (Key Technician)	0	1	0	800	9,600	
4	Production - Semi Skilled (Technical Labour)	0	2	0	600	14,400	
5	Technicians	0	2	0	650	15,600	
6	QC Manager	0	1	0	700	8,400	
7	Labors	2	4	350	180	17,040	
	Sub Total	2	12			85,440	
	Other Benefits @40% over and above Basic Salary					34,176	
	Total Cost					120,000	
B	ADMINISTRATION & ACCOUNTS						
1	General manager	0	1	0	1200	14,400	
2	Finance Manager	0	1	0	700	8,400	
3	Secretary	1	0	400	0	4,800	
4	P.R.O.	1	0	600	0	7,200	
5	Office Boy/ Messenger	0	1	0	120	1,440	
6	Drivers	1	0	350	0	4,200	
7	Security Guards	3	0	350	0	12,600	
	Sub Total	6	3			53,040	
	Other Benefits @40% over and above Basic Salary					21,216	
	Total Cost					74,256	
C	SALES						
1	Sales Executive	0	1	0	1000	12,000	
	Sub Total	0	1			12,000	
2	Other Benefits @40% over and above Basic Salary					4,800	
	Total Cost					16,800	
D	GRAND TOTAL	8	16			211,056	
	Omanisation Ratio	33%					

ANNEXURE- 2.4**SMALL SCALE FABRICATION UNIT****ESTIMATES OF ANNUAL FACTORY EXPENSES**

S.No.	Item	Year	Year	Year	Remarks
		1	2	3	
1	Repairs & Maintenance	270	405	540	At 0.5 , 1.5% & 2% of erected cost of P & M
2	Civil Repairs	-	-	-	At 0.25 % of cost of Building and Civil Works
3	Spare Parts	24	36	48	At 1%, 1.5% and 2% of 'at-site' cost of P & M
4	Insurance	270	270	270	At 0.5 % of cost Building, Plant and Machinery
	TOTAL	1,764	1,911	2,058	

ANNEXURE- 2.5			
SMALL SCALE FABRICATION UNIT			
ESTIMATES OF ANNUAL ADMINISTRATIVE EXPENSES			
S.No.	Item	Amount	Remarks
		(R.O)	
1	Salaries & Benefits	74,256	
2	Telephone, Fax, internet etc.	6,000	At RO 500 /Month
3	Electricity & Water	1,200	At RO 100 /Month
4	Vehicle Expenses & Petrol		
a	Car	720	RO 60 per month
b	Bus	0	RO 100 per Month
	Sub Total	720	
5	Stationery, Postage etc.	600	At R.O 50/Month
6	Trade license/government fee	1,000	Lumpsum
7	Travel & Recruitment	500	Lumpsum
8	Legal, Audit Fees	1,200	Lumpsum
9	Insurance on fixed assets and employee medical	2,500	
10	Miscellaneous	686	At 5 % of above
	Total	89,000	

ANNEXURE- 2.6				
SMALL SCALE FABRICATION UNIT				
ESTIMATES OF ANNUAL SALES EXPENSES				
S.No.	Item		Amount	Remarks
		(R.O)	(R.O)	
	SALES			
1	Salaries		16,800	See Annexure 2.3
2	Advertisement		-	Included Separately
3	Business Promotion		-	Included Separately
	Total		16,800	

ANNEXURE- 2.7						
SMALL SCALE FABRICATION UNIT						
DEPRECIATION CALCULATIONS						
S. No	Item	Cost	Rate	S.V.	Amount	Renewals
			(%)	(R.O)	(R.O)	
A	FIXED ASSETS					
1	Land for Plant Site	-	0	0	-	Nil
2	Building etc.	-	5	0	-	Nil
3	Plant & Machinery	54,000	10	0	5,400	Year 11
4	Vehicles and Int. Transp.	13,000	25	6500	3,250	Years 5, 9
5	Furniture & Office Equip.	10,000	20	0	2,000	Years 6, 11
6	Contingency & Escalation	5,000	10	0	500	Nil
7	Sub Total	82,000		6500	11,150	
B	PRELIM & PRE OPE: EXP	18000	100	0	18,000	Nil
C	WORKING CAPITAL					
1	Working Capital	142808	0	142808	-	
D	TOTAL			149,308	29,150	
	Less Balance Loan			89,821		
E	SALVAGE VALUE			59,488		
	Note: S.V. = Salvage Value at the end of 10th year.					

ANNEXURE- 2.8												
SMALL SCALE FABRICATION UNIT												
LOAN & INTEREST CALCULATIONS												
No	Term Loan				WC Loan		TERM LOAN			Interest		
	Year	Prn	Int	Rep	Prn	Int	Prn	Int	Rep	TL	WC	Rep
	7		3%			6%						
1		90	1.4		71	2.1	0	0.0	0			
2	1	90	1.4		71	2.1	0	0.0	0	2.7	4.2	0
3		90	1.4	6	71	2.1	0	0.0	0			
4	2	84	1.3	6	71	2.1	0	0.0	0	2.6	4.2	13
5		77	1.2	6	90	2.7	0	0.0	0			
6	3	71	1.1	6	90	2.7	0	0.0	0	2.2	5.4	13
7		64	1.0	6	90	2.7	0	0.0	0			
8	4	58	0.9	6	90	2.7	0	0.0	0	1.8	5.4	13
9		51	0.8	6	90	2.7	0	0.0	0			
10	5	45	0.7	6	90	2.7	0	0.0	0	1.4	5.4	13
11		39	0.6	6	90	2.7	0	0.0	0			
12	6	32	0.5	6	90	2.7	0	0.0	0	1.1	5.4	13
13		26	0.4	6	90	2.7	0	0.0	0			
14	7	19	0.3	6	90	2.7	0	0.0	0	0.7	5.4	13
15		13	0.2	6	90	2.7	0	0.0	0			
16	8	6	0.1	6	90	2.7	0	0.0	0	0.3	5.4	13
17		0	0.0		90	2.7	0	0.0	0			
18	9	0	0.0		90	2.7	0	0.0	0	0.0	5.4	0
19		0	0.0		90	2.7	0	0.0				
20	10	0	0.0		90	2.7	0	0.0		0.0	5.4	0

ANNEXURE- 3												
SMALL SCALE FABRICATION UNIT												
ESTIMATED WORKING RESULTS												
Year of Operation >>>	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
Installed Capacity (MT)												
Capacity Utilisation	70%	75%	80%	90%	90%	90%	90%	90%	90%	90%	90%	
Production (MT)	-	-	-	-	-	-	-	-	-	-	-	
No	Item	In R.O'000										Remarks
1	Operating Cost	554	577	602	647	655	663	671	679	688	697	Ref Annexure 2
2	Expected Sales											
a	Domestic sale	567	608	648	729	729	729	729	729	729	729	Refer 3.1
b	Export sale	-	-	-	-	-	-	-	-	-	-	Refer 3.1
	Total Sales	567	608	648	729	729	729	729	729	729	729	(2a+2b)
3	Profit before Int & dep	13	31	46	82	74	66	58	50	41	32	Item (2-1)
4	Depreciation	11	11	11	11	11	11	11	11	11	11	Ref Annexure 2.7
5	Finance Cost	7	7	8	7	7	6	6	6	5	5	Ref Annexure 2.8
6	Operating profit	-5	13	27	64	56	49	41	33	24	15	Sum of (3 - 4 - 5)
7	Other income if any							0				
8	Prelim Expenses written off	18	-	-	-	-	-	-	-	-	-	Ref Annexure 2.7
9	Profit/Loss before tax	-23	13	27	64	56	49	41	33	24	15	Sum of (6 - 7 - 8)
10	Income Tax											NA
11	Profit after tax	-23	13	27	64	56	49	41	33	24	15	
12	Statutory reserve	0	1	3	6	6	5	4	3	2	2	
13	Profit for appropriation	-23	12	24	57	51	44	37	30	22	14	
14	Dividend	0	0	0	0	0	0	0	0	0	0	
15	General reserve	-23	12	24	57	51	44	37	30	22	14	Difference (13) - (14)
16	Net cash accruals	6	24	38	75	67	60	52	44	36	27	

ANNEXURE- 4

SMALL SCALE FABRICATION UNIT

PROJECTED CASH FLOW STATEMENT

Year of Operation		0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
No	Item	In R.O'000											Remarks
A	CASH INFLOW												
1	Equity	40	0	0	0	0	0	0	0	0	0	0	Ref Annexure 1
2	Profit before Tax & Interest		-17	20	34	71	63	55	47	39	30	21	Ref Annexure 3
3	Depreciation	0	11	11	11	11	11	11	11	11	11	11	Ref Annexure 2.7
4	Preliminary expenses written off		18	-	-	-	-	-	-	-	-	-	Ref Annexure 2.7
5	Increase in Other term loan	0	0	0	0	0	0	0	0	0	0	0	Ref Annexure 1
6	Increase in Institutional Loan	90	0	0	0	0	0	0	0	0	0	0	Ref Annexure 1
7	Increase in W C loan	71	0	19	0	0	0	0	0	0	0	0	Ref Annexure 1
8	Other income	0											Ref Annexure 3
9	Sub Total	201	13	50	46	82	74	66	58	50	41	32	Sum of A1 to A8
B	CASH OUTFLOW												
1	Capital Project expenditure	82	0	0	0	0	13	10	0	0	13	0	Ref Annexure 1& 2.7
2	Other normal cap exp	18	0	0	0	0	0						Ref Annexure 1& 2.7
3	Increase in Working Cap:	101		27	6	9	0	0	0	0	0	0	Ref Annexure 1.7
4	Decrease in Institutional Loan	0	0	13	13	13	13	13	13	13	0	0	Ref Annexure 2.8
5	Decrease in Other term loan		0	0	0	0	0	0	0	0	0	0	
6	Interest on term loans		3	3	2	2	1	1	1	0	0	0	Ref Annexure 2.8
7	Interest on work cap loan		4	4	5	5	5	5	5	5	5	5	Ref Annexure 2.8
8	Income Tax	0	0	0	0	0	0	0	0	0	0	0	Ref Annexure 3.2
9	Dividend	0	0	0	0	0	0	0	0	0	0	0	Provision
10	Sub Total	201	7	47	26	29	33	29	19	19	18	5	Sum of B1 to B9
	OPENING BALANCE	-	-	6	9	28	81	123	160	199	230	253	
C	SURPLUS	-	6	3	19	53	42	37	39	31	23	27	Difference(A9)-(B10)
D	CLOSING BALANCE	-	6	9	28	81	123	160	199	230	253	279	

ANNEXURE-5

SMALL SCALE FABRICATION UNIT

INTERNAL RATE OF RETURN ON TOTAL CAPITAL

No	Year of Operation	0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Remarks
	Item	In R.O'000											
A	CASH INFLOW												
1	Net Profit bef. Tax		-23	13	27	64	56	49	41	33	24	15	Refer Annexure - 3
2	Depreciation	0	11	11	11	11	11	11	11	11	11	11	Ref Annexure 2.7
3	Prelim Exp written off		18	0	0	0	0	0	0	0	0	0	Ref Annexure 2.7
4	Finance Cost	0	7	7	8	7	7	6	6	6	5	5	Ref Annexure 2.8
5	Salvage Value	0	0	0	0	0	0	0	0	0	0	59	Ref Annexure 2.7
6	Sub Total	0	13	31	46	82	74	66	58	50	41	91	Sum of A1 to A5
B	CASH OUTFLOW												
1	Capital Project expenditure	82	0	0	0	0	13	10	0	0	13	0	Refer Annexure - 1
2	Other normal cap exp	18	0	0	0	0	0	0	0	0	0	0	Refer Annexure - 1
3	Working Capital	101	0	27	6	9	0	0	0	0	0	0	Refer Annexure - 1
4	Income Tax		0	0	0	0	0	0	0	0	0	0	Refer Annexure - 3.2
5	Sub Total	201	0	27	6	9	13	10	0	0	13	0	Sum of B1 to B4
C	NET CASHFLOW (AT)	(201)	13	4	40	73	61	56	58	50	28	91	
D	NET CASH FLOW(PT)	(201)	13	4	40	73	61	56	58	50	28	91	
E	INTERNAL RATE OF RETURN ON TOTAL INVESTMENT							15.4%					

ANNEXURE- 6

SMALL SCALE FABRICATION UNIT

INTERNAL RATE OF RETURN ON EQUITY CAPITAL (AFTER TAX)

No	Year of Operation	0	1	2	3	4	5	6	7	8	9	10	Remarks
	Item	In R.O'000											
A	CASH INFLOW												
1	Net Profit before Tax	0	-23	13	27	64	56	49	41	33	24	15	Refer Annexure- 3
2	Depreciation	0	11	11	11	11	11	11	11	11	11	11	Refer Annexure - 2.7
3	Prelim Exp written off	0	18	0	0	0	0	0	0	0	0	0	Refer Annexure - 2.7
4	Salvage Value	0	0	0	0	0	0	0	0	0	0	59	Refer Annexure - 2.7
5	Sub Total	0	6	24	38	75	67	60	52	44	36	86	Sum of A1 to A4
B	CASH OUTFLOW												
1	Equity	40	0	0	0	0	0	0	0	0	0	0	Refer Annexure - 1
2	Fixed Assets	0	0	0	0	0	13	10	0	0	13	0	Refer Annexure - 1
3	Working Capital	0	0	27	6	9	0	0	0	0	0	0	Refer Annexure - 1
4	Loan Installment	0	0	13	13	13	13	13	13	13	0	0	Refer Annexure - 2.8
5	Income Tax	0	0	0	0	0	0	0	0	0	0	0	Refer Annexure - 3.1
6	Sub Total	40	0	40	19	22	26	23	13	13	13	0	Sum of A1 to A5
C	NET CASHFLOW	-40	6	-16	19	53	42	37	39	31	23	86	
D	INTERNAL RATE OF RETURN ON EQUITY INVESTMENT								39.4	%			

ANNEXURE-7

SMALL SCALE FABRICATION UNIT

PROJECTED BALANCE SHEET

No	Year of Operation	0	1	2	3	4	5	6	7	8	9	10	Remarks
	Item	In R.O'000											
A	ASSETS EMPLOYED												
1	Fixed Assets												
a	Gross Fixed Assets	82	82	82	82	82	95	105	105	105	118	118	Refer Annexure - 2.7
b	Preliminary expenses	18	0	0	0	0	0	0	0	0	0	0	Refer Annexure- 2.7
c	Acc. Depreciation	0	11	22	33	45	56	67	78	89	100	112	Refer Annexure - 2.7
d	Net Fixed Assets	100	71	60	49	37	39	38	27	16	18	6	
2	Current Assets												
a	Cash	0	6	9	28	81	123	160	199	230	253	279	Refer Annexure - 4
b	Other Cur. Assets	101	101	128	134	143	143	143	143	143	143	143	Refer Annexure - 1.7
c	Total Cur. Assets	101	107	137	162	224	266	303	342	373	396	422	
3	Less: Cur. Liabilities	0	0	0	0	0	0	0	0	0	0	0	
	Total	201	178	197	211	261	305	341	369	389	413	429	
B	FINANCED BY												
1	Equity	40	40	40	40	40	40	40	40	40	40	40	Refer Annexure - 1
2	Statutory reserve		0	1	4	10	16	21	25	28	31	32	
3	General reserves	0	-23	-12	12	70	120	164	201	231	253	266	Cu.NP-Cu.Divident
4	Institutional Finance	90	90	77	64	51	39	26	13	0	0	0	Refer Annexure - 2.8
5	Bank Borrowings	71	71	90	90	90	90	90	90	90	90	90	Refer Annexure - 2.8
	Total	201	178	197	211	261	305	341	369	389	413	429	

ANNEXURE- 8											
SMALL SCALE FABRICATION UNIT											
RATIO ANALYSIS											
S. No	Years of Operation	1	2	3	4	5	6	7	8	9	10
A	COST RATIOS										
1	Raw Material / Total Sales	43.1%	43.1%	43.1%	43.1%	43.1%	43.1%	43.1%	43.1%	43.1%	43.1%
2	Utilities / Total Sales	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
3	Factory wages / Total Sales	21.2%	19.8%	19.1%	17.5%	18.0%	18.5%	19.1%	19.7%	20.2%	20.9%
4	Prime Cost / Total Sales	66.0%	64.6%	63.9%	62.3%	62.8%	63.4%	63.9%	64.5%	65.1%	65.7%
5	Factory exp. / Total Sales	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
6	Factory Cost / Total Sales	78.6%	76.4%	75.1%	72.3%	72.8%	73.3%	73.9%	74.5%	75.1%	75.7%
7	Administrative exp. / Total Sales	15.7%	15.1%	14.7%	13.5%	13.9%	14.4%	14.9%	15.4%	15.9%	16.4%
8	Selling exp. / Total Sales	3.5%	3.3%	3.3%	3.0%	3.1%	3.2%	3.3%	3.3%	3.4%	3.5%
9	Finance Cost / Total Sales	1.2%	1.1%	1.2%	1.0%	0.9%	0.9%	0.8%	0.8%	0.7%	0.7%
10	Non-Cash exp. / Total Sales	5.1%	1.8%	1.7%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
11	Total Cost / Sales	104.1%	97.9%	95.9%	91.3%	92.3%	93.3%	94.4%	95.5%	96.6%	97.9%
B	PROFITABILITY RATIOS										
1	PBDIT / Sales	2.2%	5.1%	7.0%	11.3%	10.2%	9.1%	8.0%	6.8%	5.6%	4.4%
2	Operating profit / Sales	-1.0%	2.1%	4.1%	8.7%	7.7%	6.7%	5.6%	4.5%	3.4%	2.1%
3	PAT / Sales	-4.1%	2.1%	4.1%	8.7%	7.7%	6.7%	5.6%	4.5%	3.4%	2.1%
4	PAT / Investment	-18.0%	10.0%	20.6%	48.8%	43.2%	37.4%	31.4%	25.2%	18.7%	11.8%
5	Payout Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6	EPS	-0.584	0.323	0.667	1.583	1.401	1.213	1.019	0.818	0.608	0.383

ANNEXURE- 9				
SMALL SCALE FABRICATION UNIT				
BREAK EVEN ANALYSIS				
S. No	Item	Year 1	Year 6	Remarks
		In R.O '000		
A	FIXED COST			
1	Production Wages	120	135	Refer Annexure - 2
2	Factory Overheads	2	2	Refer Annexure - 2
3	Misc. Factory Exp.	4	5	Refer Annexure - 2
4	Admin. Expenses	89	105	Refer Annexure - 2
5	Sales Expenses	20	23	Refer Annexure - 2
6	Depreciation	18	11	Refer Annexure - 2
7	Prelim. Expenses written off	18	0	Refer Annexure - 2
8	Financing Cost	7	6	Refer Annexure - 2
9	Income Tax	0	0	Refer Annexure - 2
	Sub Total	277	287	
B	VARIABLE COST			
1	Raw materials	244	314	Refer Annexure - 2
2	Utilities	7	9	Refer Annexure - 2
3	Misc. Expenses	0	0	
	Sub Total	252	324	
C	SALES	567	729	Refer Annexure - 3
D	CONTRIBUTION	315	405	Difference C - B
E	BREAK EVEN POINT	88%	70.9	As % of Production
			63.8%	As % of Capacity
F	CASH BEP	76.5	68.2	As % of Production
			61.3%	As % of Capacity

ANNEXURE- 10						
SMALL SCALE FABRICATION UNIT						
SENSITIVITY ANALYSIS (IRR FOR 10 YEARS)						
S. No.	Item	Projection	Change in One			All Three
		No Change	Variable at a Time			Combined
A	VARIABLE	Original	Reduction in Volume	Increase in RM Cost	Reduction in Sales Realization	Combined
			In Tons	Cost	Value	
B	PESSIMISTIC					
	Change		5%	5%	5%	All three
C	OPTIMISTIC					
	Change		5%	5%	5%	All three
D	IRR - PESSIMISTIC PROJECTION					
1	IRR on Investment	15.4	5.1	7.6	-5.3	5.1
2	IRR on Equity	39.4	12.7	-2.9	-10.5	12.5
E	IRR - OPTIMISTIC PROJECTION					
1	IRR on Investment	15.4	24.5	22.5	31.2	37.4
2	IRR on Equity	39.4	68.35	61.74	94.27	120.15

