



# Pre-Feasibility Study to Establish an Electrical Conductors with Connectors Manufacturing Plant

March 2019

**Pre-Feasibility  
Study to Establish  
an Electrical  
Conductors with  
Connectors  
Manufacturing Plant  
*(Low Investment)***

Market, Technical and Financial  
Analysis

**Study Report**

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## Executive Summary

The cost of investment for plant and machinery amounts in the region of 362,639 RO and the installed capacity is 960,000 meters per year, in year 1 the production capacity starts with 50% in the production of electrical conductors with connectors and connectors being assembled manually.

The target market is mainly exports for the GCC region worth in the region of 149 million OMR per year with the local demand worth in the region of 16 million OMR per year as import substitution.

Year	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
NP %	-3.93	9.32	8.94	8.68	8.41	8.13	7.64	7.22	6.81	6.40
GP %	52.90	47.52	47.24	47.11	46.97	46.83	46.56	46.39	46.24	46.08

### PROJECT HIGHLIGHTS

**Name of Project:** Cable Copper Wire.

**Total Investment Cost:** 392,639 OMR

**Plant Cost:** 59,000 OMR

**Building Cost:** 108,639 OMR

**Plant Capacity:** The proposed Plant will have & installed capacity of 960,000 meters. In 1st year operation the production output amount to 480,000 meters

**Local Market Demand.** The total estimated demand local demand is estimated at 16 million OMR per year and regional is in excess of 149 million OMR per year.

**Source of finance:** 60% Debt & 40% equity.

**Total Investment**

- 392,639 OMR
- Total Production Capacity 1st year = 84,000 tons

**Production capacity**

- Year 1 = 60%
- Year 2 = 70%
- Year 3 = 80%
- Year 4 = 90%
- Year 5 = 90%
- Year 6 = 90%
- Year 7 = 90%

**Revenue**

- Yr 1= 1.3 million OMR
- Yr 2= 2.6 million OMR
- Yr 3= 2.6 Million OMR
- Yr 4= 2.6 Million OMR
- Yr 5= 2.6 Million OMR
- Yr 6= 2.6 Million OMR

## ***Broad Scope of Study & Methodology***

This feasibility study covers three main areas to include marketing & market research, evaluation of the technical aspects and the financial analysis to determine the feasibility of the project.

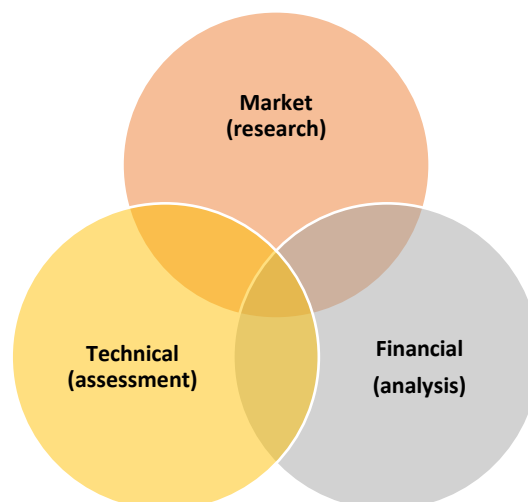
The **Market Assessment** consists of:

- Market size of Electrical Conductors with Connectors in Oman.
- Market analysis of the Electrical Conductors with Connectors prices for the various Electrical Conductors with Connectors products.
- Overview of the local competitors in Oman & GCC region.
- Supply & Demand: estimate the supply & demand of Electrical Conductors with Connectors products to include import, export & review of competition in the GCC region.
- Market share of the proposed new plant.

The **Technical Part** of the Study comprises all technical requirements needed to render the Electrical Conductors with and without Connectors plant operational to include capacity utilization, raw material, staff requirements & process flow.

The **Financial Analysis** for the project covers the following:

- Cost of the project (total investment)
- Source of Finance (equity & debt)
- Financial assumptions
- Financial schedules comprising:
  - Projected Income Statement
  - Projected Balance Sheet
  - Projected Cash Flow Statement
  - Projected Revenue Stream
  - Depreciation Schedule
  - Salaries (Number of required employees & the expected Salaries)
  - Loan repayment Schedule
  - Finance Cost
  - Financial Ratios
  - Internal Rate of Return & Payback period.



# Introduction

There is significant demand for electrical conductor with or without connectors in the local and regional market as the use of conductors and is required consistently by virtue of the wide use of electricity and communication cables whether in new buildings or of the re-wiring of existing buildings to meet regulatory standards. Considering the local competitors in in Oman to include Oman Cable and Nuhas Oman and in consideration of the Ducab company based in the UAE, the region is in need of increased demand.

The project’s viability has been analyzed keeping in view the practical and prevailing situation. On the study it is observed that the project is technically feasible, viable in marketing and financially rewarding in particular for further expansion of the current facilities of Oman cable and Nuhas Oman.

With the rapid urbanization and diversification in developing the manufacturing and industrial along with the tourism sector regionally within the GCC and MENA, in addition to the planned construction projects the necessity of transmitting electric power assumes significant for sustainable industrial growth. Oman is a developing country and it is estimated that this industry has a market size of 134 million USD year and although the market has decreased in recent years mainly to the reduction of oil prices and subsequent. Not only is the Oman market but also there a prospective and potential market around the globe.

## 1.1. Project Overview

The company will be producing a variety of electrical conductors with connectors of domestic quality (LV). Increase in global population and urbanization are resulting in development of new residential and commercial properties. According to United Nations Organization, around 54.5% of the global population lived in urban settlements in 2016, and by 2030, urban areas are projected to house 60% of people globally, and 1 in every 3 people will live in cities. Apart from urbanization, industrialization is another key factor directly affecting the wire and cable market. The demand for flexibility and customization of wires and cables is increasing within several industries owing to the growing complexity of product manufacturing. Moreover, rising demand for electricity, particularly in developing and underdeveloped countries, due to rapid industrialization and the increasing usage of renewable energy for the same are facilitating rise in use of wires cables and connectors in various industries.

This project entails the set-up of a new plant for the production of electrical connector’s wires that are connected and not connected to connectors. The production output of the new proposed plants will focus on mainly the export markets.

Target Market	
Oman 30%	Export 70%



### Assumptions

- Target Market mainly Exports to mainly to GCC 70% & Local 30%
- Omanisation achievable at minimum rate of 70%.
- Welfare estimated at 15% cover for Ticket, Holidays & Other employee expenses.
- 1 shift system (9 hours per shift)
- Working Capital for Raw material and Salaries is for 3 months

### Production Capacity

PRODUCTION CAPACITY		
Total Installed Capacity	480,000	tons per year
1st year capacity	50%	Year 1
Working Day Per Year	300	days

The proposed Electrical conductor cable Plant products consist of several types of cable under the following 2:

Si.No.	Length	Description
a	Meters	Electrical Conductors with Connectors



# Market Analysis

# Market Analysis

## 2.1. Market Overview

Middle East cable market size is projected to exceed USD 11.5 billion by 2023, growing at 8.4% CAGR. Increasing number of energy projects across the Middle East is anticipated to drive the industry over the forthcoming years.

Escalating industrial and construction activities is likely to catalyze cable market demand from till 2023. Considerable infrastructure activity expectations and extensive national development plans by Gulf Cooperation Council (GCC) governments to expand the economies with many countries in the GCC & MENA region aims to reduce reliance on hydrocarbons and develop the more income orientated sectors to include manufacturing, tourism and logistics.

Large number of construction and infrastructure projects are being executed with more than 200 major projects planned for completion by 2023, costing around USD 1 trillion and an estimated 2.4 trillion worth of planned construction projects. These projects mainly involve a combination of real estate, health, retail, leisure, and education asset developments along with communication, transport, as well as supporting social infrastructure systems and the infrastructure upgrading is expected to be the vital factors for Middle East cable market growth. Favorable regulatory norms and abundant availability of cheap labor is forecast to fuel the industry over the forecast period.

Rapidly growing tourism and transportation in countries such as Qatar, Dubai as well as KSA will fuel growth through 2023. Increasing electricity consumption in the residential and commercial sector is projected to drive demand. In addition, rising focus on energy generation owing to increasing need to address the electricity requirement is expected to catalyze demand over the next seven years. Energy and power generation projects are likely to account for significant share of the total regional spending

**Product: 854449** Electric conductors, for a voltage  $\leq 1.000$  V, insulated, not fitted with connectors, n.e.s.

Table 2-1: Oman Electrical Conductors Exporting During the Period (2013-2017)

	2013	2014	2015	2016	2017	AGV
Value USD (000)	18,471	1,306	4,762	2,241	1,918	5,739.60
Weight in Ton	1,863	295	898	482	322	772.0

Source: Trademap.com 854442 HS Code

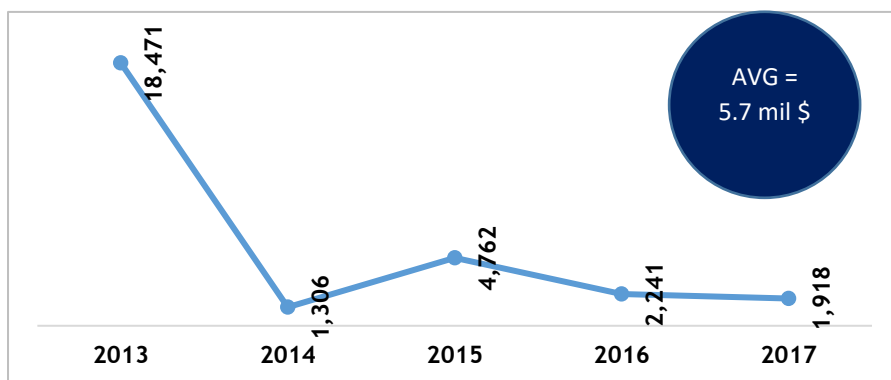


Figure 2-1: - HS Code: 854449 - Exporting Value USD (000)

The export for HS Code 854442 amount to 18.4 million USD in 2013. In the following year 2014 the total export decreased significantly to 1.3 million USD. In 2015 the export increased to 4.7 million USD, in 2016 the total export decreased to a total of 2.2 million USD. In 2017 the total export of HS Code 854442 reduced to a total of 1.9 million USD.

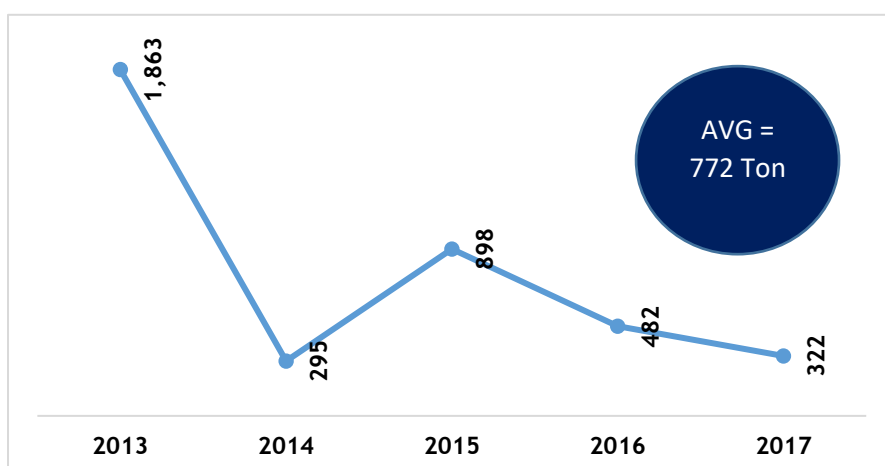


Figure 2-2: HS Code: 854449 - Exporting Weight Ton

The export for HS Code 854442 amount to 1,863 tons in 2013. In the following year 2014 the total export decreased significantly to 295 tons. In 2015 the export increased to 898 tons, in 2016 the total export decreased to a total of 482 tons. In 2017 the total export of HS Code 854442 reduced to a total of 322 tons.

**Product: 854442** Electric conductors for a voltage  $\leq 1.000$  V, insulated, fitted with connectors, n.e.s.

Table 2-2: Oman Electrical Conductors Import During the Period (2013-2017)

	2013	2014	2015	2016	2017	AGV
Value USD (000)	60,847	48,364	54,350	29,788	19,427	42,555
Weight in Ton	9,740	8,071	9,994	5,629	3,717	7,430

Source: Trademap.com 854449 HS Code

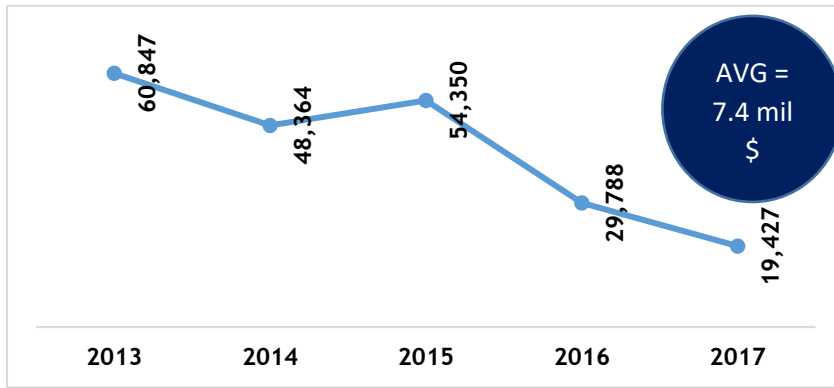


Figure 2-3: HS Code: 854442 - Importing Value USD (000)

The imports for HS Code 854442 amount to 60.8 Million USD in 2013. In the following year 2014 the total import decreased to a total of 48.3 Million USD. In 2015 the import increased to 54.3 Million USD, in 2016 the total import decreased significantly to a total of 29.7 Million USD. In 2017 the total import of HS Code 854442 amount reduced to a total of 19.4 Million USD.

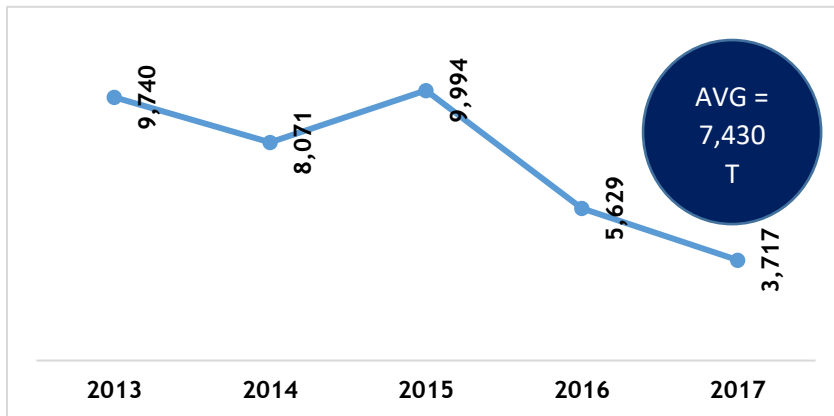


Figure 2-4: HS Code: 854442 - Importing Weight Ton

The imports for HS Code 854442 amount to 9,740 tons in 2013. In the following year 2014 the total import decreased to a total of 8,071 tons. In 2015 the import increased to 9,994 tons, in 2016 the total import decreased significantly to a total of 5,629 tons. In 2017 the total import of HS Code 854442 amount decreased to a total of 3,717 tons.

**Product: 854442** Electric conductors for a voltage <= 1.000 V, insulated, fitted with connectors, n.e.s.

Table 2-3: GCC Electrical Conductors Imports During the Period (2013-2017)

	2013		2014		2015		2016		2017	
	V (000)	Q (Ton)	V (000)	Q (Ton)	V (000)	Q (Ton)	V (000)	Q (Ton)	V (000)	Q (Ton)
United Arab Emirates	222,650	32,542	264,773	38,635	148,558	18,989	114,776	16,428	233,763	15,576
Kuwait	24,571	3,143	109,007	20,150	56,949	9,686	48,872	9,867	65,761	9,320
Saudi Arabia	89,372	8,522	92,466	8,393	83,377	7,536	66,515	5,233	59,952	3,741
Qatar	95,033	12,875	123,630	17,107	95,885	14,427	46,218	6,657	23,692	No Quantity
Bahrain	45,682	11,794	28,665	5,456	49,469	11,772	30,462	8,184	4,786	No Quantity
<b>Total</b>	<b>477,308</b>	<b>68,876</b>	<b>618,541</b>	<b>89,741</b>	<b>434,238</b>	<b>62,410</b>	<b>306,843</b>	<b>46,369</b>	<b>387,954</b>	<b>28,637</b>

Source: Trademap.com 854442 HS Code

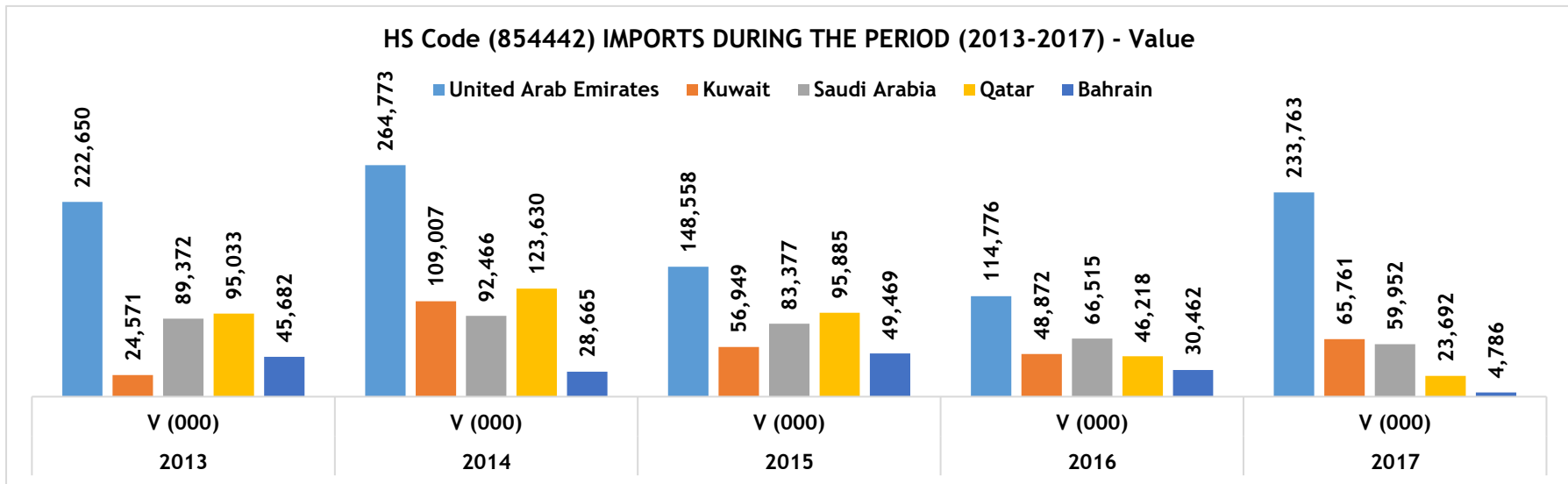
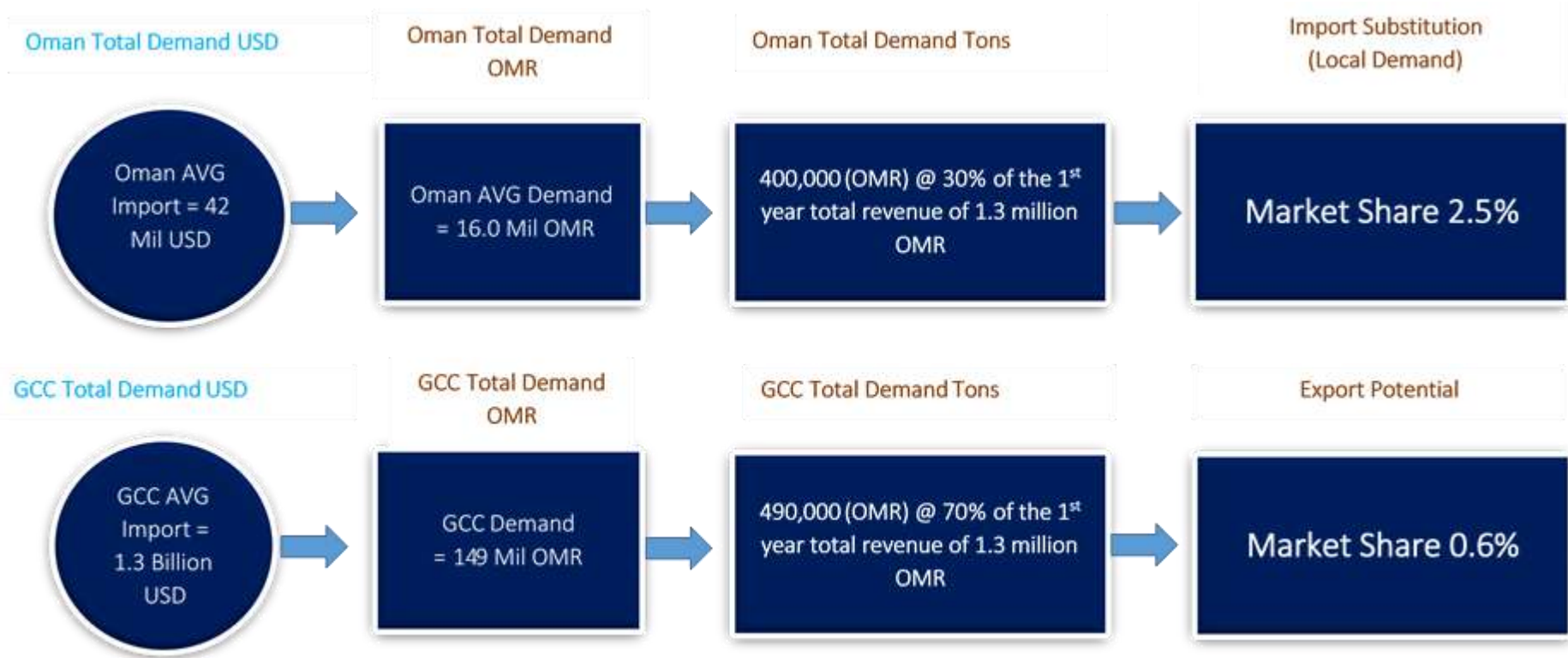


Figure 2-5: HS Code : 85442 Imports During the Period (2013-2017) – Value

Supply & Demand



The Oman imports of conductors based on HS code 854442 is estimated at 16 million OMR per year and 500 Million OMR per year for the entire GCC market.

## 2.2. Competitive Overview

Major participants for the Middle East cable market share include El-Sewedy, Riyadh Cables, Ducab, Oman Cables and Saudi Cables. Other prominent industry players are Belden, Encore Wire, Finolex, Fujikura, Furukawa Electric, General Cable, International Wire Group, KEI, LS Cable & System, Nexans, Prysmian, Southwire Company, Sumitomo Electric Industries and The Okonite Company.

In order to rise above the competitive pressure, suppliers focus on increased R&D investment and vertical integration. Competitive pricing and maintaining profit margins remain key strategies. Increasing demand for power transmission is driving incumbent participants to climb up the value chain and focus on the HV and EHV range. This surge can be substantiated in terms of new capacity additions and openings in the Middle Eastern countries

## 2.3. Major Competitors - Oman

There are 2 major cables manufacturers in Oman these include Oman cables and Nuhas Oman

**Oman Cables Industry SAOG (OCI)** is an Oman-based shareholding company engaged in the manufacture and sale of electrical cables and conductors. The Company is a manufacturer and exporter of medium- and low-voltage (LV) electric cables, building wires, instrumentation cables, overhead transmission line conductors, and other special purpose cables and wiring solutions. The Company's products include LV power and control cables, low smoke and fire retardant (LSF) LV power and control cables, LSF wiring cables, medium voltage cables and overhead line conductors, among others. OCI also manufactures custom designed cables to meet specific customer needs. The Company holds 51% shareholding in Oman Aluminium Processing Industries LLC, which manufactures Aluminium rods and overhead conductors. The Company's products are sold in Middle East and North Africa (MENA) and international markets.

**Product: 854449** Electric conductors, for a voltage  $\leq 1.000$  V, insulated, not fitted with connectors, n.e.s.

Currently there is no existing company manufacturing this product.

## 2.4. Regional Competitors – Kuwait

**Product: 854449** Electric conductors, for a voltage  $\leq 1.000$  V, insulated, not fitted with connectors, n.e.s.

Company	Company Status	Unit	2017	2016
			Capacity	Capacity
<u>Al Ahlia Switchgear Co. - 3000601</u>	Operational	Units	1700	1700



## 2.5. Regional Competitors – KSA

**Product: 854449** Electric conductors, for a voltage  $\leq$  1.000 V, insulated, not fitted with connectors, n.e.s.

Company	Company Status	Unit	2017	2016	2015	2014	2013
			Capacity	Capacity	Capacity	Capacity	Capacity
Arabian Electric Switches Manufacturing Factory - 6003151	Licensed	Units	800000	800000	800000	800000	800000
Humaidan Abdullah Al Humaidan Electrical Industries Factory - 6121744	Licensed	Units	100000	100000	100000		

## 2.6. Regional Competitors – UAE

**Product: 854449** Electric conductors, for a voltage  $\leq$  1.000 V, insulated, not fitted with connectors, n.e.s.

Company	Company Status	Unit	2017	2016	2015	2014	2013
			Capacity	Capacity	Capacity	Capacity	Capacity
Ras Al Khaima Cables - 7006817	Operational	Ton	500	500	500	500	500
Sharjah Cables Factory Ltd. - 7000618	Operational	Roll	1216000	1216000	1216000	1216000	1216000

**Product: 854442** Electric conductors for a voltage  $\leq$  1.000 V, insulated, fitted with connectors, n.e.s.

Company	Company Status	Unit	2017	2016
			Capacity	Capacity
Docub High Voltage Cables Systems Company - 7008193	Operational	Ton	27030	27030
Dubai Cable Company - Ducab - Branch 1 - 7008167	Operational	Ton	330	330
Dubai Cable Company - Ducab - Branch 2 - 7008174	Operational	Ton	132	132

Source: IMI Database

## Major Competitors – Oman

**Product: 854442** Electric conductors for a voltage  $\leq$  1.000 V, insulated, fitted with connectors, n.e.s.

Company	Company Status	Unit	2017	2016	2015	2014	2013
			Capacity	Capacity	Capacity	Capacity	Capacity
Muscat Industrial Co.Llc -Wire Nails Division - 4001350	Operational	Ton	3600	3600	3600	3600	3600

# Technical Evaluation

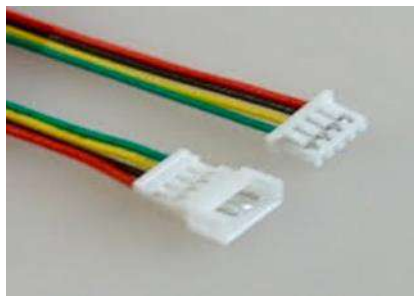
## 3.1. Raw Material Composition

The project shall use other raw materials to include imported copper wire, connectors, PVC cable and packaging material.

Table 3-1: Raw Material Composition

Si. No	Description	Requirement
1a	copper cables < 1mm	50%
1c	connecters piece (Ethernet, Monitor...)	50%
		100%

Conductor Connector



Electrical Conductors Products



### 3.2. Production Analysis

#### Cable with connectors



### 3.3. Manpower

The manpower requirements are based on company industry experts experience to deem the plant operational.

The Omanisation percentage will be a minimum of 70% given the employees are of a total of 29 workforce.

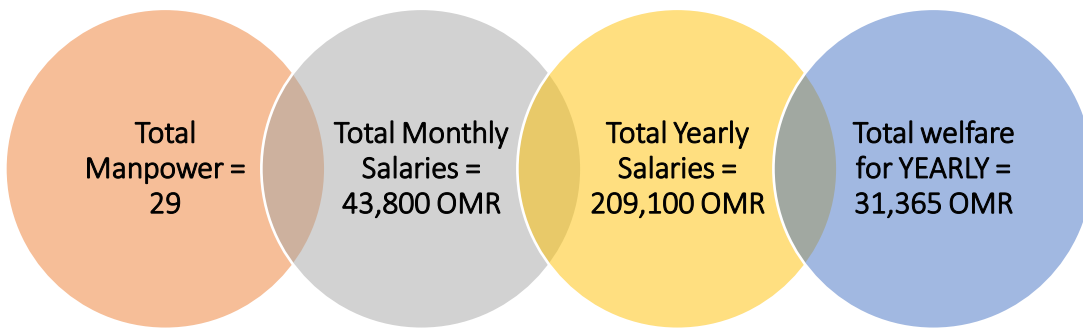
Direct staff include employees responsible for the operational and production of the electrical connector product and indirect staff include office staff.

Table 3-2: Direct Cost Manpower Requirements

DIRECT COST MANPOWER REQUIREMENTS						
Si.No	Position	Numbers	Salary Per Month	Salary Per Year	Welfare Expenses @15%	Grand Total
1	GM/Plant In-Charge	1	3,000	36,000	5,400	41,400
2	Worker/Helper, Production	6	100	7,200	1,080	8,280
3	Officer, Packaging	1	600	7,200	1,080	8,280
4	Packaging Worker	3	325	11,700	1,755	13,455
5	Executive, QA	1	1,000	12,000	1,800	13,800
6	Electrical Engineer, M & U	1	1,000	12,000	1,800	13,800
7	Assistant, M & U	1	750	9,000	1,350	10,350
<b>Total</b>		<b>13</b>	<b>29,875</b>	<b>95,100</b>	<b>14,265</b>	<b>109,365</b>

Table 3-3: Indirect Cost Manpower Requirements

INDIRECT COST MANPOWER REQUIREMENTS						
Si.No	Position	Numbers	Salary Per Month	Salary Per Year	Welfare Expenses @15%	Grand Total
1	GM/Head of Sales & Marketing	1	1,500	18,000	2,700	20,700
2	Officer/Sr. Officer, Sales	2	600	14,400	2,160	16,560
3	Officer, Accounts	2	650	15,600	2,340	17,940
4	Officer, Costing	1	650	7,800	1,170	8,970
5	Manager, HR	1	1,500	18,000	2,700	20,700
6	Assistant Officer, HR	1	750	9,000	1,350	10,350
7	Driver	6	325	23,400	3,510	26,910
8	Security Guard	2	325	7,800	1,170	8,970
<b>Total</b>		<b>16</b>	<b>13,925</b>	<b>114,000</b>	<b>17,100</b>	<b>131,100</b>



### 3.4. Organization Chart

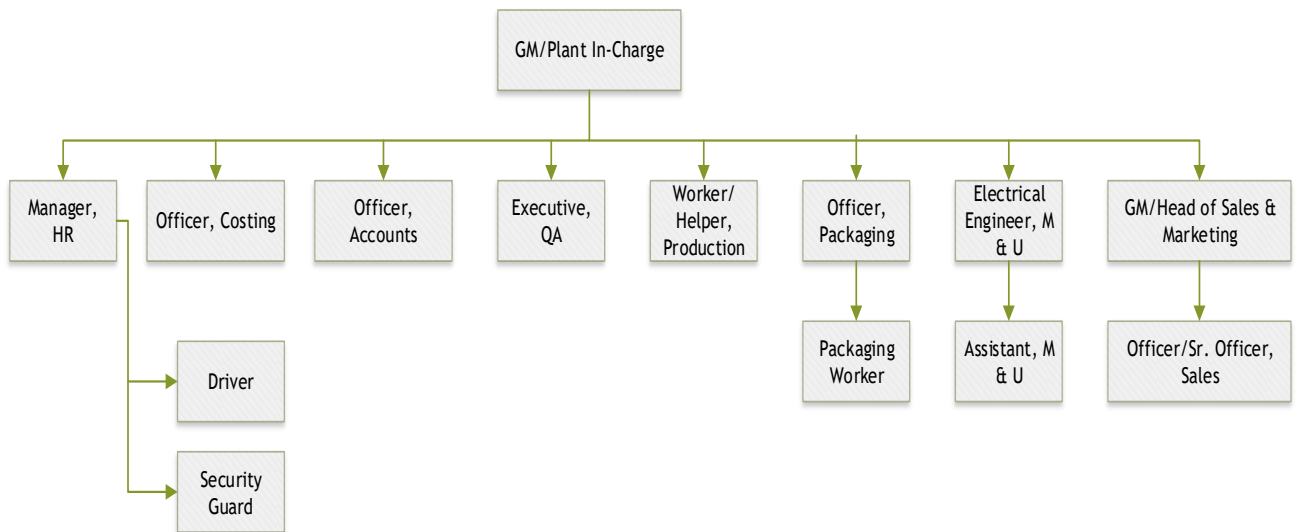


Figure 3-1: Organization Chart

### 3.5. Project Time Frame

Table 3-4: Project time frame

ACTIVITIES	TIME IN MONTHS								
	1	2	3	4	5	6	7	8	9
• Design	Light Blue								
• Manufacture	Light Blue	Light Blue	Light Blue	Light Blue	Yellow	Yellow	Yellow	Yellow	Yellow
• Purchase	Dark Blue	Dark Blue	Dark Blue	Dark Blue					
• Shipment	Yellow	Yellow	Yellow	Yellow	Brown	Yellow	Yellow	Yellow	Yellow
• Installation						Dark Blue	Dark Blue	Dark Blue	
• Commissioning	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green
• Civil work		Dark Green	Dark Green	Dark Green	Dark Green	Light Green	Light Green	Light Green	Light Green

The implementation of the project starts initially with the drawing of overall plant layout followed by civil works, procurement, delivery and installation. This requires a time frame of 9 months.

# Financial Analysis Main Scenario

## 4.1. Cost of Investment Capex

The total cost of Main machinery amounts to 362,639 /RO sourced international supplier's machinery supplier.

Building cost is costed at minimum with a contingency of 3% for reasons of price fluctuation in construction material cost.

The total cost of vehicles amounts to 162,000 /RO source from a local vehicle supplier.

Table 4-1: Investment Capex

Si. No.	Description	Quantity		Total Cost OMR
<b>Main Plant &amp; Machinery</b>				
A1	Tools	Local		20000
A2	140 Auto Packing Machine	CHINA		20000
A3	Testing Machine	CHINA		15000
A3	Laboratory Equipments	CHINA		4000
			<b>Sub Total</b>	<b>59,000</b>
<b>GRAND TOTAL</b>				<b>59,000.00</b>
<b>Equipment Cost</b>				
E1	Packing ,Forwarding ,Insurance, Frieght			10,000
E2	Erection and Installation			7,000
E3	Electrification and Installation & Security deposits			5,000
E4	Cost of Transformer			5,000
E5	Moulds and Assembly			3,000
<b>Total</b>				<b>30,000</b>
<b>Building</b>				
B1	Land@ Biza 0.250 /M2 + 10% registration expenses	100 0	0.25	250
B2	Work shed @ RO 5/500 sq/ft	750	5.5	4,125
B4	Office @ Ro 6/800 sq.ft.	250	60	15,000
B5	Security office and Gate			10,000
B6	Staff room and Toilet			5,000
B7	Laboratory Room @ Ro5.500/- sq.ft.	200	5.5	1,100
B8	Land development			20,000
B9	Generator Room			50,000
<b>Sub Total</b>				<b>105,475</b>
			Contingency @ 3%	3,164
<b>Total Cost</b>				<b>108,639</b>
<b>Vehicles</b>				
		<b>No</b>	<b>Capacity</b>	<b>Total R.o</b>
v1	Delivery Van	2	3 MT	30,000
v2	Truck	1	5 MT	20,000

Si. No.	Description	Quantity		Total Cost OMR
v3	Truck	1	7 MT	27,000
v4	Delivery Pick-up	5	2 MT	60,000
v5	Cars	5	-	25,000
<b>Total Transportation Vehicle Cost</b>				<b>162,000</b>
<b>Office Furniture &amp; Equipment</b>				
1a	Computer ,Printer ,UPS ,Fax,			5,000.00
			<b>Total</b>	<b>5,000.00</b>
1b	Furniture Desk & Chairs			3,000.00
1c	Electrification & Air Conditioning			15,000.00
1e	Misc			10,000.00
<b>Total</b>				<b>28,000.00</b>
<b>Grand Total</b>				<b>362,639.25</b>

## 4.2. Investment Cost

Si.No.	Investment Cost	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
1a	Plant	59,000										
	Equipment	30,000										
1a	Building	108,639										
1a	Vehicles	162,000						162,000				
1a	Computers	5,000				5,000						
1a	Office Furniture & Equipment	28,000							28,000			
<b>Total Investment Cost (Fixed Assets)</b>		<b>392,639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>162,000</b>	<b>28,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Acc. Cost	392,639	392,639	392,639	392,639	397,639	397,639	559,639	587,639	587,639	587,639	587,639

## Manpower

The manpower requirements are based on company industry experts experience to deem the plant operational.

The Omanisation percentage will be a minimum of 70% of the total 28 workforce.

Direct staff include employees responsible for the operational and production of the Cable product and indirect staff include office staff.

DIRECT COST MANPOWER REQUIREMENTS						
Si.No	Position	Numbers	Salary Per Month	Salary Per Year	Welfare Expenses @15%	Grand Total
1	GM/Plant In-Charge	1	3,000	36,000	5,400	41,400
2	Worker/Helper, Production	6	100	7,200	1,080	8,280
3	Officer, Packaging	1	600	7,200	1,080	8,280
4	Packaging Worker	3	325	11,700	1,755	13,455
5	Executive, QA	1	1,000	12,000	1,800	13,800
6	Electrical Engineer, M & U	1	1,000	12,000	1,800	13,800
7	Assistant, M & U	1	750	9,000	1,350	10,350
<b>Total</b>		<b>13</b>	<b>29,875</b>	<b>95,100</b>	<b>14,265</b>	<b>109,365</b>



INDIRECT COST MANPOWER REQUIREMENTS						
Si.No	Position	Numbers	Salary Per Month	Salary Per Year	Welfare Expenses @15%	Grand Total
1	GM/Head of Sales & Marketing	1	1,500	18,000	2,700	20,700
2	Officer/Sr. Officer, Sales	2	600	14,400	2,160	16,560
3	Officer, Accounts	2	650	15,600	2,340	17,940
4	Officer, Costing	1	650	7,800	1,170	8,970
5	Manager, HR	1	1,500	18,000	2,700	20,700
6	Assistant Officer, HR	1	750	9,000	1,350	10,350
7	Driver	6	325	23,400	3,510	26,910
8	Security Guard	2	325	7,800	1,170	8,970
<b>Total</b>		<b>16</b>	<b>13,925</b>	<b>114,000</b>	<b>17,100</b>	<b>131,100</b>

### 4.3. Profit & Loss

Particulars	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Filling Capacity	50%	60%	70%	80%	90%	90%	90%	90%	90%	90%
Grand Total Revenue OMR	1,320,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000
<b>Cost of Revenue (Direct Cost)</b>										
Raw Material	444,000	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000
Manpower	109,365	112,646	116,025	119,506	123,091	126,784	130,588	134,505	138,540	142,697
Utilities	24,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000
Maintenance	-	3,926	7,853	7,853	7,953	7,953	11,193	11,753	11,753	11,753
Waste	44,400	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000
<b>Total Direct Cost</b>	<b>621,765</b>	<b>1,385,572</b>	<b>1,392,878</b>	<b>1,396,359</b>	<b>1,400,044</b>	<b>1,403,737</b>	<b>1,410,780</b>	<b>1,415,258</b>	<b>1,419,293</b>	<b>1,423,449</b>
<b>Gross Profit</b>	<b>698,235</b>	<b>1,254,428</b>	<b>1,247,122</b>	<b>1,243,641</b>	<b>1,239,956</b>	<b>1,236,263</b>	<b>1,229,220</b>	<b>1,224,742</b>	<b>1,220,707</b>	<b>1,216,551</b>
<b>Indirect Expenses</b>										
Depreciation	(49,597)	(49,597)	(49,597)	(49,597)	(49,597)	(49,597)	(49,597)	(49,597)	(49,597)	(49,597)
Freight & Carriage	(44,400)	(111,000)	(111,000)	(111,000)	(111,000)	(111,000)	(111,000)	(111,000)	(111,000)	(111,000)
Customs & Handling Company	(132,000)	(264,000)	(264,000)	(264,000)	(264,000)	(264,000)	(264,000)	(264,000)	(264,000)	(264,000)
Manpower Indirect	(131,100)	(135,033)	(139,084)	(143,257)	(147,554)	(151,981)	(156,540)	(161,236)	(166,074)	(171,056)
Marketing, Advertising & Promotion	(132,000)	(264,000)	(264,000)	(264,000)	(264,000)	(264,000)	(264,000)	(264,000)	(264,000)	(264,000)
Lease Office and Stores	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
Telephone Internet & Fax	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Audit Charges	(1,500)	(2,000)	(2,500)	(3,000)	(3,500)	(4,000)	(4,500)	(5,000)	(5,500)	(6,000)

Particulars	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Waste Disposal	(75,000)	(76,500)	(78,000)	(79,500)	(81,000)	(82,500)	(84,000)	(85,500)	(87,000)	(88,500)
Misc Exp	(25,000)	(26,500)	(28,000)	(29,500)	(31,000)	(32,500)	(34,000)	(35,500)	(37,000)	(38,500)
Insurance	(4,000)	(4,200)	(4,410)	(4,631)	(4,862)	(5,105)	(5,360)	(5,628)	(5,910)	(6,205)
Pre-Operating Expenses	(115,000)									
Total Expenses	(728,597)	(951,830)	(959,591)	(967,484)	(975,513)	(983,683)	(991,998)	(1,000,462)	(1,009,080)	(1,017,858)
PBIT/PBT										
PBIT	(30,362)	302,598	287,531	276,157	264,443	252,580	237,222	224,280	211,627	198,693
Finance Interest Main Loan	(16,491)	(13,193)	(9,895)	(6,596)	(3,298)	-	-	-	-	-
Finance Interest O/Draft W.Capital	(4,993)	(3,994)	(2,996)	(1,997)	(999)	-	-	-	-	-
PBT	(51,845)	289,405	277,636	269,561	261,145	252,580	237,222	224,280	211,627	198,693
Income Tax @ 15%		(43,411)	(41,645)	(40,434)	(39,172)	(37,887)	(35,583)	(33,642)	(31,744)	(29,804)
PAT	(51,845)	245,994	235,991	229,127	221,973	214,693	201,639	190,638	179,883	168,889

The projections reveal the project will achieve a net loss of 51,645/RO in the first year of operation and in the 2nd year net profit increases to 245,994 OMR. The profitability further increases in the 3rd year of operation mainly due to the increase in capacities to 80% resulting in a net profit of 1.4 million /RO and net profit is predicted to increase in excess of 2.6 million/RO in the 4th year. In the 5th year the revenue amounts to 1.5 million RO in the 6th year, net profit will reach in the region of 3.2 million RO in year 10 of operations.

#### 4.4. Capacity Utilization

The capacity utilisation will start with 25% in year of operation and is forecasted to increase gradually by 5% y-o, this applies for each of the products Conductors with and without connectors.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Capacity Level %	50%	60%	70%	80%	90%	90%	90%	90%	90%	90%
Cooper Cables with connector <1mm	480,000	960,000	960,000	960,000	960,000	960,000	960,000	960,000	960,000	960,000
Grand Total Revenue OMR	1,320,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000

#### 4.5. Cash Flow

Particulars	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
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Operating Activity											
Profit Before Tax PBT		(51,845)	289,405	277,636	269,561	261,145	252,580	237,222	224,280	211,627	198,693
Depreciation		49,597	49,597	49,597	49,597	49,597	49,597	49,597	49,597	49,597	49,597
Interest on Loan ODB		16,491	13,193	9,895	6,596	3,298	-	-	-	-	-
W. Capital Interest O/draft		4,993	3,994	2,996	1,997	999	-	-	-	-	-
<b>Cash Flow Operating Activity</b>	<b>-</b>	<b>19,235</b>	<b>356,189</b>	<b>340,123</b>	<b>327,751</b>	<b>315,038</b>	<b>302,177</b>	<b>286,819</b>	<b>273,877</b>	<b>261,224</b>	<b>248,290</b>
Investing Activity											
Purchasing of Fixed Assets	(392,639)	-	-	-	(5,000)	-	(162,000)	(28,000)	-	-	-
Working Capital & Pre-op	(214,850)										
Finance Activity											
Owners Contribution	157,056										
Pre-Op Owner Contribution	115,000										
Debt Loan	235,584										
Working Capital Overdraft	99,850										
ODB Loan Payment											
Loan Payment		(47,117)	(47,117)	(47,117)	(47,117)	(47,117)	-	-	-	-	-
Interest		(16,491)	(13,193)	(9,895)	(6,596)	(3,298)	-	-	-	-	-
Commercial Loan WC											
Loan Payment		(19,970)	(19,970)	(19,970)	(19,970)	(19,970)	-	-	-	-	-
Interest		(4,993)	(3,994)	(2,996)	(1,997)	(999)	-	-	-	-	-
Tax paid		-	-	(43,411)	(41,645)	(40,434)	(39,172)	(37,887)	(35,583)	(33,642)	(31,744)
<b>Sub Total</b>	<b>607,489</b>	<b>(88,570)</b>	<b>(84,273)</b>	<b>(123,387)</b>	<b>(117,326)</b>	<b>(111,818)</b>	<b>(39,172)</b>	<b>(37,887)</b>	<b>(35,583)</b>	<b>(33,642)</b>	<b>(31,744)</b>
Net Cash Flow	<b>214,850</b>	<b>(69,335)</b>	<b>271,915</b>	<b>216,736</b>	<b>205,426</b>	<b>203,221</b>	<b>101,006</b>	<b>220,932</b>	<b>238,294</b>	<b>227,581</b>	<b>216,546</b>
Open Cash equivalents	-	214,850	145,515	417,430	634,166	839,592	1,042,812	1,143,818	1,364,750	1,603,044	1,830,625
Closing Cash Equivalents	<b>214,850</b>	<b>145,515</b>	<b>417,430</b>	<b>634,166</b>	<b>839,592</b>	<b>1,042,812</b>	<b>1,143,818</b>	<b>1,364,750</b>	<b>1,603,044</b>	<b>1,830,625</b>	<b>2,047,171</b>

The cash flow is positive throughout the projected 10 years with an opening cash of 345,769 RO in year 1 reaching 18.3 million RO in year 10.

#### 4.6. Balance Sheet

Particulars	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Current Assets</b>											
Cash & Cash Equivalents	214,850	145,515	417,430	634,166	839,592	1,042,812	1,143,818	1,364,750	1,603,044	1,830,625	2,047,171
Working capital		-	-	-	-	-	-	-	-	-	-

<b>Sub Total</b>	<b><u>214,850</u></b>	<b><u>145,515</u></b>	<b><u>417,430</u></b>	<b><u>634,166</u></b>	<b><u>839,592</u></b>	<b><u>1,042,812</u></b>	<b><u>1,143,818</u></b>	<b><u>1,364,750</u></b>	<b><u>1,603,044</u></b>	<b><u>1,830,625</u></b>	<b><u>2,047,171</u></b>
<b>Non-Current Assets</b>											
Fixed Assets	<u>392,639</u>	<u>343,042</u>	<u>293,445</u>	<u>243,848</u>	<u>199,251</u>	<u>149,654</u>	<u>262,057</u>	<u>240,461</u>	<u>190,864</u>	<u>141,267</u>	<u>91,670</u>
Sub Total	<u>392,639</u>	<u>343,042</u>	<u>293,445</u>	<u>243,848</u>	<u>199,251</u>	<u>149,654</u>	<u>262,057</u>	<u>240,461</u>	<u>190,864</u>	<u>141,267</u>	<u>91,670</u>
<b>Total Assets</b>	<b><u>607,489</u></b>	<b><u>488,557</u></b>	<b><u>710,876</u></b>	<b><u>878,014</u></b>	<b><u>1,038,843</u></b>	<b><u>1,192,467</u></b>	<b><u>1,405,875</u></b>	<b><u>1,605,211</u></b>	<b><u>1,793,907</u></b>	<b><u>1,971,892</u></b>	<b><u>2,138,841</u></b>
<b>Liabilities</b>											
Current liabilities											
Loan (Short Term) ODB	235,584	47,117	47,117	47,117	47,117				-	-	-
Loan Short Term WC ODB	99,850	19,970	19,970	19,970	19,970			-	-	-	-
Provision for taxation		-	43,411	41,645	40,434	39,172	37,887	35,583	33,642	31,744	29,804
<b>Total current liabilities</b>	<b><u>335,434</u></b>	<b><u>67,087</u></b>	<b><u>110,497</u></b>	<b><u>108,732</u></b>	<b><u>107,521</u></b>	<b><u>39,172</u></b>	<b><u>37,887</u></b>	<b><u>35,583</u></b>	<b><u>33,642</u></b>	<b><u>31,744</u></b>	<b><u>29,804</u></b>
Loan Long Term ODB		141,350	94,233	47,117	-	-	-	-	-	-	-
Long term ODB w.c.loan		<u>59,910</u>	<u>39,940</u>	<u>19,970</u>	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b><u>-</u></b>	<b><u>201,260</u></b>	<b><u>134,173</u></b>	<b><u>67,087</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Shareholders</b>											
Shareholders Capital	272,056	272,056	272,056	272,056	272,056	272,056	272,056	272,056	272,056	272,056	272,056
Legal Reserve											
Profit & Loss Account		(51,845)	194,149	430,140	659,267	881,240	1,095,933	1,297,572	1,488,210	1,668,092	1,836,981
<b>Total equity</b>	<b><u>272,056</u></b>	<b><u>220,210</u></b>	<b><u>466,205</u></b>	<b><u>702,196</u></b>	<b><u>931,322</u></b>	<b><u>1,153,295</u></b>	<b><u>1,367,988</u></b>	<b><u>1,569,627</u></b>	<b><u>1,760,265</u></b>	<b><u>1,940,148</u></b>	<b><u>2,109,037</u></b>
<b>Total Liabilities</b>	<b><u>607,489</u></b>	<b><u>488,557</u></b>	<b><u>710,876</u></b>	<b><u>878,014</u></b>	<b><u>1,038,843</u></b>	<b><u>1,192,467</u></b>	<b><u>1,405,875</u></b>	<b><u>1,605,211</u></b>	<b><u>1,793,907</u></b>	<b><u>1,971,892</u></b>	<b><u>2,138,841</u></b>

## 4.7. Payback Period

Appraisal on Equity Investment											
Particulars	Investment	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Yearly Cash flow (OMR '000)	(157,056)	(69,335)	271,915	216,736	205,426	203,221	101,006	220,932	238,294	227,581	216,546
IRR	68.61%										
NPV @ EQUITY	885,059										
Pay Back period	2	Years	4	Months							

## Appraisal on Total Investment

Particulars	Investment	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Yearly Cash flow (OMR '000)	(607,489)	(5,728)	332,225	273,747	259,139	253,636	101,006	220,932	238,294	227,581	216,546
IRR	29.51%										
NPV @ WACC	652,050										
Pay Back period	3	Years	5	Months							

Cost		
Owners' Equity	15.00%	40.00
Finance	7.00%	60.00
Total		100.00
Weighted Average Cost	10.20%	

The IRR on total investment is resulting in **29.51%**,

NPV results in 625,050 million /RO & payback period is 3 years and 5 months.

## 4.8. Depreciation

Si.No	Particulars	Amount	Years	Percentage	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1a	Plant	59,000	10.00	10%	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900
1b	Building	108,639	20.00	5%	5,432	5,432	5,432	5,432	5,432	5,432	5,432	5,432	5,432	5,432
1c	Vehicles	162,000	5	20%	32,400	32,400	32,400	32,400	32,400	32,400	32,400	32,400	32,400	32,400
1d	Computers	5,000	3.00	33%	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665
1e	Office Furniture & Equipment	28,000	6.67	15%	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
Total		362,639	Total Depreciation		49,597	49,597	49,597	49,597	49,597	49,597	49,597	49,597	49,597	49,597
	Accumulated depreciation				49,597	99,194	148,791	198,388	247,985	297,582	347,179	396,776	446,373	495,970
	Net book value				343,042	293,445	243,848	199,251	149,654	262,057	240,461	190,864	141,267	91,670

## 4.9. Raw Material Cost

The raw material cost is distributed between copper wire, connectors pieces, PVC 25% outer cable and packing material of 5%

Cost per Ton OMR													
Si. No	Description	Requirement	Cost per Meter\Piece	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1a	copper cables < 1mm	50%	0.50	120,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
1c	connecters piece (Ethernet, Monitor...)	50%	1.35	324,000	810,000	810,000	810,000	810,000	810,000	810,000	810,000	810,000	810,000
		100%	1.85	444,000	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000

#### 4.10. Pre-Operating Expenses

Si.No	Particulars	Amount
1a	Company formation and legal expenses	50,000.00
1b	Project Report ,Technical assistance ,Civil Plan & Estimates	20,000.00
1c	Travelling expenses	30,000.00
1d	Misc Exp.	15,000.00
<b>Total</b>		<b>115,000.00</b>

#### 4.11. Working Capital

The working capital for the initial start of the project is mainly for the raw material for a period of 3 months amounting to 875,000 RO and salaries at 2 months amounting to 63,710 RO

Working capital is obtained as an overdraft facility from the banks at the interest rate of 5% over a period of 5 years.

Si.No	Particulars	Months	Amount
1a	Raw material	2	74,000.00
1b	Drivers Direct	2	21,850.00
1d	Utilities	2	4,000.00
1e	Fuel Diesel	2	-
Total			99,850.00

### Working Capital Loan

SI.No	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
1a	Loan Opening Balance	99,850	79,880	59,910	39,940	19,970
1b	Interest @ 5%	4,993	3,994	2,996	1,997	999
1c	Installments	19,970	19,970	19,970	19,970	19,970
1d	Closing Balance	79,880	59,910	39,940	19,970	-

## 4.12. Source of Finance

Source of finance consists of 40% contribution by owners and remainder 60% is obtained by a loan facility from bank at the interest rate of 7%.

SI.No.	Particular	Percentage	Amount
1a	Owner Contribution	40%	157,055.70
1b	Loan	60%	235,583.55
Total		100%	392,639.25

## 4.13. Loan Schedule

SI.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
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1a	loan Opening Balance	235,584	188,467	141,350	94,233	47,117
1b	Interest @ 7%	16,491	13,193	9,895	6,596	3,298
1c	Installments	47,117	47,117	47,117	47,117	47,117
1d	Closing Balance	188,467	141,350	94,233	47,117	-

#### 4.14. Utility Costs

Description	Cost Per M	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Electricity Per Kw	0.050										
Water Cost per M3		24,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000
Diesel											
Total Utility Cost		24,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000

Rate Industrial Estate		
Type	Unit	Omani Riyal/Bz
Electricity	KW/hour	0.016
Water	Gallon	0.003

Plant Demand p/hour	Unit	P/SQM Unit Usage
Electricity	KW/hour	0.2
Water	M3	0.2

#### 4.15. Rental Lease

Si. No	Description Lease/Rental Premises	Size sq./m	Cost per Month	Cost per Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1a	Land	1000	0.25	3,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000



**Capacity & Selling Price**

Installed Capacity Per Hour /m	No of Hrs./Per Shift	No of Shifts Per Day	Working Day's Per Month	Working Months Per Year	Total Production Per Year\ m
200	8	2	25	12	960,000

Products	Product Name	Size	Type	Percentage of Grade Distribution	Selling Price OMR\M2
1	Cooper Cables with connector <1mm	<1mm	Standard	100%	2.750

### 4.16. Conclusion

- The production capacity in the 1<sup>st</sup> year is 50% and increases to a capacity of 60% in the 2<sup>nd</sup> year, thereafter the capacity utilization increases 10% y-o-y to reach 90% capacity utilization in the 5<sup>th</sup> year; these capacity utilizations results in the following revenues:
- 1<sup>st</sup> year revenue amounts to **1.3 million OMR**
- 2<sup>st</sup> year revenue amounts to **2.6 million OMR**
- 3<sup>rd</sup> year revenue amounts to a total of **2.6 Million OMR**  
Reaching **2.6 Million OMR** in the 10<sup>th</sup> year.

The above revenue stream reveals the following net profit results:

- The 1st year net profit amounts to **(51,845) OMR**.
- 2nd year net-profit amounts to **245,994 OMR**.
- 3rd year net-profit amounts to **235,991 OMR**.
- 4th year net-profit amounts to **229,127 OMR**.
- 5th year net profit will be in region of **221,973 OMR**.
- 10th year net profit will be in region of **168,889 OMR**

Internal Rate of Return (IRR) = **29.51 %**.

NPV = **625,050 OMR**.

Pay Back Period = **3 years 5 month**.

(Above is the normal case scenario starting at 50% capacity)

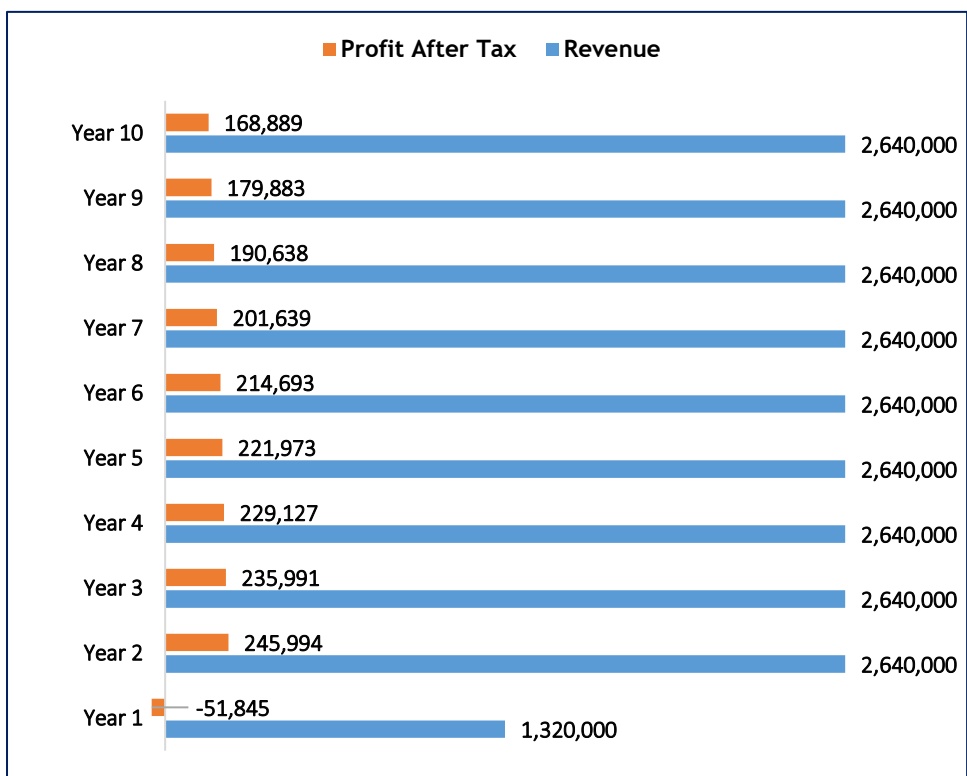


Figure 4-1: Projections Main Scenario - Revenue & Profit After Tax

Financial Analysis											IRR	NPV	Payback Period
Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	29.51%	625,050 OMR	3 Years & 5 Month
Capacity	50%	60%	70%	80%	90%	90%	90%	90%	90%	90%			
Revenue	1,320,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000			
Profit After Tax	(51,845)	245,994	235,991	229,127	221,973	214,693	201,639	190,638	179,883	168,889			

- The electrical conductor’s products industry has a good product range and is a necessity in the construction sector demand locally and regionally.
- The net profit is negative in year 1 & -4.11% and profit subsequently goes into positive in year 2 at relatively good levels as it reaches a net profit of 2.82%. In year 4 a net profit of 7.19% in year 5 net profit of 5.23% and in year 6 and reaching a maximum of 10.14%.
- IRR is acceptable @ 29.51% and payback is acceptable within 3 year & 5 months.