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PROJECT PROFILE
FOR
STEEL WIRE DRAWING UNIT

CONTENTS

1 PRODUCT AND ITS USES

1.1 PRODUCT DESCRIPTION –WIRE DRAWING

Wire drawing is a metalworking process used to reduce the cross-section of a wire by pulling the wire through a single, or series of, drawing die.

There are many applications for wire drawing, including electrical wiring, cables, tension-loaded structural components, springs, paper clips, spokes for wheels, and stringed musical instruments. Although similar in process, drawing is different from extrusion, because in drawing the wire is pulled, rather than pushed, through the die.

Drawing is usually performed at room temperature, thus classified as a cold working process, but it may be performed at elevated temperatures for large wires to reduce forces.

1.2 WIRE DRAWING PROCESS

The wire drawing process is quite simple in concept. The wire is prepared by shrinking the beginning of it, by hammering, filing, rolling or swaging, so that it will fit through the die; the wire is then pulled through the die. As the wire is pulled through the die, its volume remains the same, so as the diameter decreases, the length increases. Usually the wire will require more than one draw, through successively smaller dies, to reach the desired size. The process of wire drawing changes material properties due to cold working.

1.3 PRODUCT APPLICATIONS & USES

Wires drawn are suited to a wide range of applications for manufacturing the products such as:

- Automobile parts
- Shopping carts
- Baskets

- Shelving
- Hooks
- Safety pins
- Washer springs
- Overhead transmissions wire
- Furniture springs
- Agricultural springs
- Mechanical springs
- Nail wire
- Appliances

2 BRIEF MARKET SCENARIO

From the products of Steel wire drawing plants the downstream projects will be able to manufacture a wide variety of products, including barbed and twisted wire, steel baskets, brads, cable, chain-link fencing, fence gates, posts and fittings, form ties, horseshoe nails, steel nails, paper clips, spikes, staples, wire cages, tacks, tie wires, wire fabric, wire carts, wire cloth, and wire garment hangers.

2.1 DEMAND ESTIMATES FOR STEEL WIRE PRODUCTS

2.1.1 DEMAND ESTIMATION

The demand estimates have been established based on the Net Imports of steel wires into the Sultanate.

2.1.2 TRADE STATISTICS OF STEEL WIRE – HS CODE: 7217

The Import of wires into Oman from different countries from year 2011 to 2015 is detailed in the table below:

Exporters	Imported Quantity in Tons				
	2011	2012	2013	2014	2015
UAE	2,164	7,641	45,617	47,736	37,549
China	14,931	13,726	14,023	20,071	17,926
Pakistan	0	0	0	0	4,323
Malaysia	3,184	1,300	3,581	2,881	1,805
Iran	0	0	0	0	1,432
Turkey	1,431	1,859	1,634	351	1,407
Others	2,778	4,715	3,352	2,357	1,637
TOTAL	**24,488**	**29,241**	**68,207**	**73,396**	**66,079**

The Export of wires from Oman is very minimal and the details for the years 2011 to 2015 are in the table below:

Importers	Exported Quantity in Tons				
	2011	2012	2013	2014	2015
UAE	51	42	615	4,170	10,443
Qatar	0	0	0	693	6,690

Importers	Exported Quantity in Tons				
	2011	2012	2013	2014	2015
Saudi Arabia	0	0	70	1,518	4,645
Kuwait	0	0	0	0	1,454
Others	94	52	232	369	1,250
Total	**145**	**94**	**917**	**6,750**	**24,482**

2.1.3 SUMMARY OF NET IMPORT OF WIRE PRODUCTS IN THE SULTANATE

The summary of net import of wires into the sultanate is given in the table below:

HSC: 7217 – Wire of iron or non-alloy steel, in coils (excluding bars and rods) (*In Tons*)					
Details	**2011**	**2012**	**2013**	**2014**	**2015**
Import	24,488	29,241	68,207	73,396	66,079
Export	145	94	917	6,750	24,482
Net Import	**24,343**	**29,147**	**67,290**	**66,646**	**41,597**

Source: UN Trade Data

2.1.4 MARKET OVERVIEW

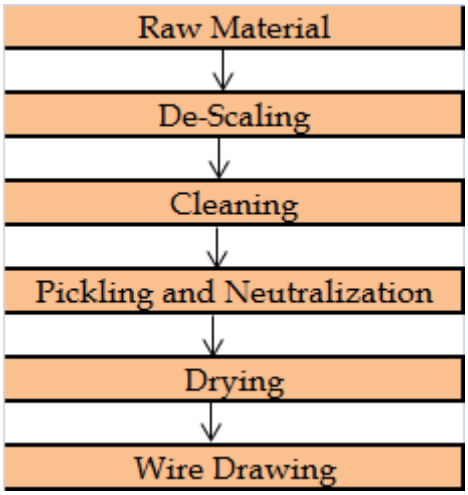
The demand for drawn steel wire products are increasing mainly in the housing, construction and automotive sectors. Steel wire is used to make automotive fasteners and cold-forged products. There is a growing need for a local source of this material.

However, with the recent slump in the Oil market, the growth in the above referred sectors is expected to decline over the next few years and is expected to stabilise by year 2018. The same trend can be expected in the steel wire market as well. Even then, as various types of wired products are used in various sectors, the market demand is increasing and there exist scope for a wire drawing unit.

3 TECHNICAL ANALYSIS

3.1 MANUFACTURING PROCESS

Process Flow Chart



3.2 CAPACITY & CAPACITY UTILISATION

Considering the demand situation, the capacity of the plant is proposed to produce 700 tons of MS Rods of 6/8mm diameter per annum are drawn down to various sizes based on the end-user requirement. It is proposed to operate the unit on a single shift 12 hour per day basis for 300 days (@194 kg per hour). The following table indicates the proposed capacity utilisation of the plant.

Year	Year 1	Year 2	Year 3	Year 4
Production Capacity (Tons)	700	700	700	700
Capacity utilisation (%)	60 %	70 %	80 %	80 %
Estimated Production (Tons)	420	490	560	560

3.3 BUILDING

A total building area of 180 Sq. Meter is proposed for the project. The building will be taken on lease @ RO 3/square meter per month.

3.4 VEHICLES

Trucks are required for transportation of finished products.

3.5 UTILITIES

The following sections detail on the consumption of various utilities.

3.5.1 Electricity

The annual consumption of electricity is estimated at 126,000 KWH considering the power consumption rates and duration of operation of different machines.

3.5.2 Water

Water is required for processing as well as general consumption. It is estimated that 1,000 cubic metre of water is required per annum and the cost at installed capacity works out to RO 660.

3.6 MANPOWER

It is estimated that 11 persons are required for the project. The details are as follows:

	Department	No of persons	Annual Wages (RO)
1	Production	7	34,692
2	Administration & Accounts	3	19,656
3	Sales	1	8,400
Total		**11**	**62,748**

3.7 COST OF RAW MATERIALS AND CONSUMABLES

The main raw material will be MS bar of 6/8 mm in diameter.

The cost of raw materials including the consumables is estimated at RO 132,810. The details are in Annexure 2.1.

4 FINANCIAL ANALYSIS

4.1 COST OF PROJECT

The total cost of the project is estimated at RO 83,000. The break-up is as given below:

Details	Amount (RO)
Building	Lease
Plant & machinery	34,000
Vehicles and internal transport	11,000
Furniture & Office Equipment	6,000
Pre- Operative Expenses	9,000
Contingency & Escalation	3,000
Subtotal of Capital Investment	63,000
Working Capital	24,000
TOTAL	**87,000**

4.1.1 Building

The building area required for the project is 180 sq meters. It will be taken on lease @ RO 3/sq meter per month.

4.1.2 Plant & Machinery

The main plant and machinery consists of the following.

MAIN PLANT AND MACHINERY	
1	Four Block Wire Drawing Unit
2	Wire Pointing Machine
3	Prickling Tank/Neutralizing/Washing Tank
4	De-scaling machine

MAIN PLANT AND MACHINERY	
5	Hoisting Equipments
6	Butt Welding machine
7	Die Polishing Machine
8	Flexible Shaft Grinder
9	Platform type weighing balance
10	Wire drawing dies/Hand tools/Measuring instruments

The total cost of plant and machinery including transportation, electrification and erection is estimated at RO 34,000.

4.1.3 Vehicle & Internal Transport

The cost of one pick up van is estimated at RO 11,000.

4.1.4 Furniture and office equipment

The details of furniture items are the following:

A	Items	Amount (RO)
1	P.C with Printer	1,200
2	Photocopier	1,000
3	Fax, Telephone	1,000
4	Other Office Equipment	500
5	Air Conditioners	300
6	Office Furniture	1,000
7	Factory Furniture	500
8	Accommodation Furniture	800
	Sub Total	**6,000**

The total cost of furniture and office equipment is estimated at RO 6,000. Details are 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 RO 9,000. Details are in Annexure 1.6.

4.1.6 Contingency & Escalation

A provision of 5 % of the estimated cost of items including plant & machinery, vehicles, technical know-how fee etc., is made to account for any currency fluctuation, unforeseen expenses and price escalation. This works out to RO 3,000.

4.1.7 Working Capital

The assumptions for working capital requirement are made as shown below.

- Account receivables - 1 months
- Raw materials - 1 month
- Consumable & Packing - 2 month
- Utilities - 1 month
- Factory wages - 1 month
- Administrative Expenses - 1 month
- Sales Expenses - 1 month
- Work in progress - 3 days
- Finished goods - 5 days
- Finance Cost - 1 month

The Net working capital requirements are given below:

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 24,000. Details are given in Annexure 1.8.

Particulars	Year 1	2	3	4
Working Capital Requirement (RO '000)	24	26	28	28

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	17,400
Term Loan	52,600
Commercial Loan for Working Capital	17,000
TOTAL	**87,000**

It is proposed that the total project cost of RO 87,000 will be financed by owner's fund [equity] to the tune of RO 17,400 and commercial borrowings through term loan of RO 52,600 and through working capital loan of RO 17,000. The Bank term loan and working capital loan is expected to carry interest @ 3% and 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)

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Raw Material & Consumables	80	93	106	106	106
Utilities	2	2	2	2	2
Factory Wages	35	36	37	38	39
PRIME COST	116	131	145	146	147
Rent for Industrial shed	6	6	6	6	6
Factory Overheads	1	1	1	1	1
Misc. Factory Exp.	2	3	3	3	3
FACTORY COST	**126**	**141**	**156**	**157**	**158**
Admin. Salaries	20	20	21	21	22
Admin. Expenses	6	6	7	7	7
Total Admin expenses	26	27	27	28	29
Sales Salaries	8	9	9	9	9
Sales Expenses	1	1	2	2	2
Advert.& Business Promotion	3	4	4	4	4
Total sales & dist: costs	13	14	15	15	16
OPERATING COST	**165**	**182**	**198**	**201**	**203**
Total finance cost	3	3	3	2	2
Depreciation	8	8	8	8	8
Prelim Expenses written off	9	0	0	0	0
COST OF SALE	**184**	**192**	**209**	**211**	**213**

4.3.1 Raw Materials

The cost of raw materials & consumables works out to RO 132,810. Please refer Annexure 2.1 for details.

4.3.2 Utilities

The total cost of utilities for working in full capacity is RO 2,676. 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 62,748. 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 680 for the first year, RO 1,190 for the second 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 25,956. 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 9,790. Details are given in Annexure- 2.6

4.3.7 Depreciation

Depreciation works out to RO 7,650. 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 for Bank Term loan and working capital loan is taken at 3% and 6%. Details of interest calculations are given in Annexure- 2.8.

4.4 INCOME TAX

No income tax is considered for the proposed project.

4.5 SALES REALIZATION

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

Detail	Year 1	Year 2	Year 3	Year 4	Year 5
Sales – RO '000	168	196	224	224	224

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	47.4%	47.4%	47.4%	47.4%	47.4%
Utilities / Total Sales	1.0%	1.0%	1.0%	1.0%	1.0%
Factory wages / Total Sales	20.7%	18.2%	16.4%	16.9%	17.4%
Prime Cost / Total Sales	**69.0%**	**66.6%**	**64.8%**	**65.3%**	**65.8%**
Factory exp. / Total Sales	5.7%	5.3%	4.8%	4.8%	4.8%
Factory Cost / Total Sales	**74.8%**	**71.9%**	**69.6%**	**70.1%**	**70.6%**
Admin. exp. / Total Sales	15.5%	13.6%	12.3%	12.6%	13.0%
Selling exp. / Total Sales	7.8%	7.2%	6.7%	6.8%	7.0%
Finance Cost / Total Sales	1.5%	1.3%	1.1%	1.0%	0.9%
Non-Cash exp. /Total Sales	9.9%	3.9%	3.4%	3.4%	3.4%
Total Cost / Sales	**109.5%**	**98.0%**	**93.1%**	**94.0%**	**94.9%**

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	168	196	224	224	224
Operating Cost	165	182	198	201	203
PBDIT	**3**	**14**	**26**	**23**	**21**
Depreciation	8	8	8	8	8
Finance Cost	3	3	3	2	2
Prelim. Exp. Written Off	9				
Profit after tax	**-16**	**4**	**15**	**13**	**11**

4.8 KEY APPRAISAL CRITERIA

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

Detail	Value
Total Project	RO 87,000
Equity Investment	RO 17,400
IRR on total investment	14.42%
IRR on Equity	41.36%
Payback period of Total Investment	6 years 2 Months
Payback period on equity	2 Years 6 months
Break Even Point (as % of Capacity)	67.5%
Cash Break Even Point (as % of Capacity)	62.2%

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 5%	RM Cost down by 5%	Sales Value down by 5%
IRR on Investment	14.4%	7.8%	8.4%	1.3%
IRR on equity	41.4%	19.0%	20.6%	2.1%

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				
STEEL WIRE DRAWING PROJECT				
ESTIMATED PROJECT COST				
S.No.	**Item**	**Amount**		**Remarks**
		(R.O.)		
A1	**PROJECT COST**			
1	Land & Building etc.	0		Lease Rental
2	Plant & Machinery	34,000		Estimates
3	Vehicles and Int. Transport	11,000		Estimates
4	Furniture & Office Equip.	6,000		Estimates
5	Pre- Operative Expenses	9,000		Estimates
6	Contingency & Escalation	3,000		Estimates
	Sub Total		**63,000**	
A2	**WORKING CAPITAL**		**24,000**	
A3	**TOTAL**		87,000	
	Say		**87,000**	
B	**MODE OF FINANCE**			
1	Equity		17,400	20% of Total Project Cost
2	Term loan		52,600	
3	Total		**70,000**	
4	Working Capital Loan		17,000	
	TOTAL		**87,000**	

ANNEXURE- 1.1						
STEEL WIRE DRAWING PROJECT						
ESTIMATED COST OF LAND & SITE DEVELOPMENT						
S. No.	**Item**	**Unit**	**Q'ty**	**Rate**	**Amount**	**Remarks**
				(R.O.)	**(R.O.)**	
A	**LAND**					
1	Land for Plant	Sq. M	500	0	-	Lease

ANNEXURE- 1.2					
STEEL WIRE DRAWING PROJECT					
ESTIMATED COST OF BUILDING & CIVIL WORKS					
S.No.	**Item**	**Area**	**Rate**	**Amount**	**Remarks**
		(SqM)	**(R.O.)**	**(R.O.)**	
A	**MAIN PLANT BUILDINGS**				
1	Plant Area	120	-	-	Industrial Shed will be availed on Lease Rental
2	Store	30	-	-	
	Sub Total	**150**		**-**	
B	**ADMIN BUILDING**				
1	Office Building	30	-	-	
	Sub Total			**-**	
C	**OTHER CIVIL WORKS**				
1	Compound wall & gate	94	-	-	
2	Associated Electro-mechanical works	150	-	-	
	Sub Total	**180**		**-**	

ANNEXURE- 1.3						
STEEL WIRE DRAWING PROJECT						
ESTIMATED COST OF PLANT & MACHINERY						
S.No.	**Item**	**Power**	**Q'ty**	**Rate**	**Amount**	**Remarks**
		KW		**(R.O)**	**(R.O)**	
A	**MAIN PLANT AND MACHINERY**					
1	Four Block Wire Drawing Unit		1			
2	Wire Pointing Machine		1			
3	Prickling Tank/Neutralizing/Washing Tank		1			
4	De-scaling machine		1			
5	Hoisting Equipments		1			
6	Butt Welding machine		1		**25,969**	Estimates
7	Die Polishing Machine		1			
8	Flexible Shaft Grinder		2			
9	Platform type weighing balance		1			
10	Wire drawing dies/Hand tools/Measuring instruments		1			
	Sub Total	**60**				
B	**ELECTRIFICATION**				**2,597**	
C	**AT SITE COST**					
1	Total Plant				28,566	Sum A+B
2	Spares				2,500	Lumpsum
3	Packing, Insurance Forwarding				857	3% of C1
4	C I F Cost				31,923	
5	Clearing & Transport to Site				30	
6	**At Site Cost**				**31,953**	
D	**ERECTED COST**					
1	At Site Cost				31,953	
2	Cost of erection - Local				2,500	Lumpsum
	TOTAL ERECTED COST				**34,453**	
	Say				**34,000**	

ANNEXURE- 1.4					
STEEL WIRE DRAWING PROJECT					
ESTIMATED COST OF VEHICLES & INTERNAL TRANSPORT					
S.No.	**Item**	**Q'ty**	**Rate**	**Amount**	**Remarks**
		(Nos.)		**(R.O.)**	
A	**VEHICLES**				
1	Pick up	1	10,000	10,000	
	Sub Total	**1**		**10,000**	
B	**TRANSP. EQUIPMENT**				
1	Registration, Painting, Spares etc			1,000	10% of the above
	Sub Total	**-**		**1,000**	
C	**TOTAL**	1		11,000	
	Say			**11,000**	

ANNEXURE- 1.5					
STEEL WIRE DRAWING PROJECT					
ESTIMATED COST OF FURNITURE & OFFICE EQUIPMENT					
S.No.	**Item**	**Q'ty**	**Rate per Unit**	**Amount (R.O.)**	**Remarks**
A	**OFFICE**				
1	P.C with Printer	4	300	1,200	Lumpsum
2	Photocopier			1,000	Lumpsum
3	Fax, Telephone	Set		1,000	Lumpsum
4	Other Office Equipment	Set		500	Lumpsum
5	Air Conditioners	1	250	300	Lumpsum
6	Office Furnitures			1,000	Lumpsum
	Sub Total			**5,000**	
B	**FACTORY FURNITURE**				
1	Work bench/Rack/Firniture etc			**500**	
	Sub Total			**500**	
B	**ACCOMODATION FURNITURE**				
1	Furniture / Fittings	Set		800	Lumpsum
	Sub Total			**800**	
C	**TOTAL**			6,300	
				6,000	

ANNEXURE- 1.6				
STEEL WIRE DRAWING PROJECT				
ESTIMATED COST OF PRE-OPERATIVE EXPENSES				
S.No	**Item**		**Amount**	**Remarks**
		(R.O.)	**(R.O.)**	
1	Preliminary Expenses		500	Upto formation of Co.
2	Feasibility Studies		1,000	
3	Salary during construction period			
a	Salary & benefits -Service Engineer	700		1 Months
b	Salary & benefits - Production Staff	683		1 Month
c	Salary & benefits - Admin. Staff	1,170		1 Month
d	Salary & benefits - Sales Staff	500		1 Month
e	Visa, Passage etc.	1,200		For Expatriates at R.O. 400 per Person
	Sub Total		**4,253**	
4	Financing Cost			
a	Institutional Loan Interest	789		At 5% for 6months
b	Mortgage Expenses	263		At 0.5 % on Institu: Loan
c	Other Bank Charges	100		Lumpsum
	Sub Total		**1,152**	
5	Communication		600	lumpsum
6	Travel		500	Lumpsum
7	Recruitment & Training Charges		500	Lumpsum
8	Audit Fees, Legal Fees		500	Lumpsum
9	Insurance		136	At 0.4 % of Plant & Bldg.
10	Miscellaneous		200	Provision
11	Total		9,341	
	Say..		**9,000**	

ANNEXURE- 1.7					
STEEL WIRE DRAWING PROJECT					
ESTIMATES OF CONTINGENCY AND ESCALATION					
S.No.	**Item**	**Cost**	**Rate**	**Provision**	**Remarks**
		(R.O.)	**(%)**	**(R.O.)**	
A	**FIXED ASSETS**				
1	Land for Plant Site	-	0.0	-	
2	Building etc.	-	5.0	-	
3	Plant & Machinery	34,000	5.0	1,700	
4	Technical Know-How	-	5.0	-	
5	Vehicles and Int. Transport	11,000	5.0	550	
6	Furniture & Office Equip.	6,000	5.0	300	
7	Pre- Operative Expenses	9,000	5.0	450	
	TOTAL			3,000	
				3,000	say

ANNEXURE- 1.8								
STEEL WIRE DRAWING PROJECT								
ESTIMATES OF WORKING CAPITAL REQUIREMENTS								
S.No.	**Item**	**Req.**		**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Remarks**
					In R.O. '000			
1	Acct. Receivable	1	Months	14	15	17	17	Cost of sales - Non C Ex.
2	Raw Materials	1	Month	6.6	7.7	8.9	8.9	
3	Utilities	1	Month	0.1	0.2	0.2	0.2	
4	Factory Wages	1	Month	3	3	3	3	
5	Admn. Expenses	1	Month	2	2	2	2	
6	Sales Expenses	1	Month	1.1	1.2	1.2	1.3	
7	Work in Progress	3	Day	1.0	1.2	1.3	1.3	At Factory Cost
8	Finished Goods	5	Days	2.1	2.3	2.5	2.6	At total Cost-Non cash-Selling and Distrbn
9	Finance Cost	1	Month	0.2	0.2	0.2	0.2	At Finance Cost
10	**Total**			**30**	**33**	**36**	**37**	
11	Payables		Months					
	Raw Materials	1	Months	7	8	9	9	
	Consumables &Packing	0	Months	0	0	0	0	
	subtotal			7	8	9	9	
	Say			**24**	**26**	**28**	**28**	

ANNEXURE- 2												
STEEL WIRE DRAWING PROJECT												
COST OF SALE												
	Year of Operation	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	
	Production	60%	70%	80%	80%	80%	80%	80%	80%	80%	85%	
No	**Item**	**In R.O.'000**										**Remarks**
1	Raw Material & Consumables	80	93	106	106	106	106	106	106	106	113	Ref. Annexure 2.1
2	Utilities	2	2	2	2	2	2	2	2	2	2	Ref. Annexure 2.2
3	Factory Wages	35	36	37	38	39	40	41	43	44	45	Ref Annexure 2.3
4	**PRIME COST**	116	131	145	146	147	149	150	151	152	160	Sub total of 1 to 4
5	Rent for Industrial shed	6	6	6	6	6	6	6	6	6	6	RO 3/sqm/month
6	Factory Overheads	1	1	1	1	1	1	1	1	1	1	Ref Annexure 2.4
7	Misc. Factory Exp.	2	3	3	3	3	3	3	3	3	3	At 2 % of (5)&(6)
8	**FACTORY COST**	**126**	**141**	**156**	**157**	**158**	**159**	**161**	**162**	**163**	**171**	Sub total of 5 to 7
9	Admin. Salaries	20	20	21	21	22	23	23	24	25	26	Ref Annexure2.3&2.5
10	Admin. Expenses	6	6	7	7	7	7	7	7	8	8	Ref Annexure 2.5
11	Total Admin expenses	26	27	27	28	29	30	31	32	33	34	Sum (9) to (11)
12	Sales Salaries	8	9	9	9	9	10	10	10	11	11	Ref Annexure2.3&2.6
13	Sales Expenses	1	1	2	2	2	2	2	2	2	2	Ref Annexure 2.6
14	Advert.& Business Promotion	3	4	4	4	4	4	4	4	4	5	2% on sales
15	Total sales & dist: costs	13	14	15	15	16	16	16	17	17	18	Sum of (13 to 16)
16	**OPERATING COST**	**165**	**182**	**198**	**201**	**203**	**205**	**208**	**210**	**213**	**223**	Sum(8)+(12)+(17)
	Finance cost											
17	Int on Institutional finanace	2	2	2	1	1	1	1	0	0	0	Ref Annexure 2.8
18	Int on working capital	1	1	1	1	1	1	1	1	1	1	Ref Annexure 2.8
19	Total finance cost	3	3	3	2	2	2	2	1	1	1	Sum(19)+(20)
	Non cash expenses											
20	Depreciation	8	8	8	8	8	8	8	8	8	8	Ref Annexure 2.7
21	Prelim Expenses written off	9	0	0	0	0	0	0	0	0	0	Ref Annexure 2.7
22	**COST OF SALE**	**184**	**192**	**209**	**211**	**213**	**215**	**217**	**219**	**222**	**232**	Sum18+21+22+23

ANNEXURE- 2.1						
STEEL WIRE DRAWING PROJECT						
ESTIMATED COST OF RAW MATERIALS						
S.No.	**Item**	**Unit**	**Qty**	**Rate**	**Amount**	**Remarks**
A	**RAW MATERIALS**				**(R.O.)**	
1	MS Rods 6/8mm diameter	Tons	770	154	118,580	
	SubTotal				**118,580**	
B	**CONSUMABLES**					
1	Sulphuric acid				11,858	
2	Drawing dies					
3	Lubricants					
4	Other tools & fixtures					
	SubTotal				**11,858**	
	TOTAL				**130,438**	
C	**PACKING MATERIALS**					
	Packing materials				**2,372**	
	Grand Total				**132,810**	

ANNEXURE- 2.2						
STEEL WIRE DRAWING PROJECT						
ESTIMATED COST OF UTILITIES						
S.No.	**Item**	**Unit**	**Qty**	**Rate**	**Amount**	**Remarks**
					(R.O.)	
						At installed capacity
	UTILITIES					
1	Water	Cu M	1,000	0.660	660	1000 ltrs/shift
2	Electricity	KWH	126,000	0.016	2,016	
	TOTAL				**2,676**	

ANNEXURE- 2.3							
STEEL WIRE DRAWING PROJECT							
ESTIMATES OF ANNUAL SALARIES AND WAGES							
S.No.	**Item**	**No of personnel**		**Salary**		**Annual**	**Remarks**
				(RO/month)		**RO**	
		Expat	**Omani**	**Expat**	**Omani**		
A	**PRODUCTION**						
1	Engineer/Supervisor	1	0	700		8,400	
2	Skilled Worker	2	0	250		6,000	
3	Unskilled workers	3	1	180	325	10,380	
	Sub Total	**6**	**1**			24,780	
	Total Manpower Cost						
	Total Salary					24,780	
	Other Benefits (40% of Salary)					9,912	
	Total Production Salary					**34,692**	
B	**ADMINISTRATION & ACCOUNTS**						
1	Manager/Accountant		1		800	9,600	
2	Assistants	1		250		3,000	
3	PRO					-	
4	Office Boy	1	0	120	-	1,440	
	Sub Total	2	1			**14,040**	
	Total Manpower Cost						
	Total Salary					14,040	
	Other Benefits (40% of Salary)					5,616	
	Total Cost	**2**	**1**			**19,656**	
C	**SALES**						
a	**Sales**						
1	Sales Executives	0	1	0	500	6,000	
2	Sub Total	0	1			6000	
b	**Total Manpower Cost**						
1	Total Salary					6,000	
2	Other Benefits (40% of Salary)					2,400	
3	**Total Cost**					**8,400**	
D	**GRAND TOTAL**	**8**	**3**			**62,748**	

ANNEXURE- 2.4					
STEEL WIRE DRAWING PROJECT					
ESTIMATES OF ANNUAL FACTORY EXPENSES					
S.No.	**Item**	**Year**	**Year**	**Year**	**Remarks**
		1	**2**	**3**	
1	Repairs & Maintenance	170	170	170	At 0.5 % of erected cost of P & M
2	Civil Repairs	-	-	-	At 1 % , 2%,3%of cost of Building and Civil Works
3	Spare Parts	170	680	680	At 0.5%, 2.0% and 2.0% of 'at-site' cost
4	Insurance	340	340	340	At 1 % of cost Building, Plant and
					Machinery
	TOTAL	**680**	**1,190**	**1,190**	

ANNEXURE- 2.5				
STEEL WIRE DRAWING PROJECT				
ESTIMATES OF ANNUAL ADMINISTRATIVE EXPENSES				
S.No.	**Item**		**Amount**	**Remarks**
		(R.O.)	**(R.O.)**	
1	Salaries & Benefits		19,656	
2	Rents and Rates			
3	Vehicle Expenses & Petrol			
a	Pick up	1200		At R.O. 100/Month each
	Sub Total		1,200	
4	Telephone, Fax etc.		1,200	At R.O. 100/Month
5	Stationery		1,200	At R.O. 100/Month
6	Legal, Audit Fees		500	Lumpsum
7	Utilities outside Plant		1,200	At R.O. 100/Month
8	Registratioin & Renewals		500	
9	Insurance		200	Lumpsum
10	Other Expenses		300	
	Total		**25,956**	

ANNEXURE- 2.6			
STEEL WIRE DRAWING PROJECT			
ESTIMATES OF ANNUAL SALES EXPENSES			
S.No.	**Item**	**Amount**	**Remarks**
		(R.O.)	
	SALES		
1	Salaries	8,400	See Annexure 2.3
2	Travel	500	Lumpsum
3	Vehicle Expenses & Petrol	-	
4	Miscellaneous Expenses	890	
	Total	**9,790**	

ANNEXURE- 2.7						
STEEL WIRE DRAWING PROJECT						
DEPRECIATION CALCULATIONS						
	Item	**Cost**	**Rate**	**S.V.**	**Amount**	**Renewals**
			(%)	**(R.O.)**	**(R.O.)**	
A	**FIXED ASSETS**					
1	Land for Plant Site	0	0	0	-	Nil
2	Building etc.	0	5	0	-	Nil
3	Plant & Machinery	34000	10	0	3,400	Year 11
4	Technical Know-How	0	10	0	-	Nil
5	Vehicles and Int. Transp.	11000	25	5500	2,750	Years 5, 9
6	Furniture & Office Equip.	6000	20	0	1,200	Years 6, 11
7	Contingency & Escalation	3000	10	0	300	Nil
8	Sub Total	54000		5500	**7,650**	
B	**PRELIM &PRE OPE: EXP**	9000	100	0	**9,000**	Nil
C	**WORKING CAPITAL**					
1	Working Capital	27927	0	27927	-	
D	**TOTAL**			**33,427**	**16,650**	
	Less Balance Loan			**17,000**		
E	**SALVAGE VALUE**			**16,427**		
	Note: S.V. = Salvage Value at the end of 10th year.					

ANNEXURE- 2.8								
STEEL WIRE DRAWING PROJECT								
LOAN & INTEREST CALCULATIONS								
		Term Loan			WC Loan		Annual	
No	Year	Prn	Int	Rep	Prn	Int	Int	Rep
	7		3%			6%		
1		53	0.8	0	17	0.5		
2	1	53	0.8	0	17	0.5	**2.6**	**0**
3		53	0.8	0	17	0.5		
4	2	53	0.8	0	17	0.5	**2.6**	**0**
5		53	0.8	4	17	0.5		
6	3	49	0.7	4	17	0.5	**2.5**	**8**
7		45	0.7	4	17	0.5		
8	4	41	0.6	4	17	0.5	**2.3**	**8**
9		38	0.6	4	17	0.5		
10	5	34	0.5	4	17	0.5	**2.1**	**8**
11		30	0.5	4	17	0.5		
12	6	26	0.4	4	17	0.5	**1.9**	**8**
13		23	0.3	4	17	0.5		
14	7	19	0.3	4	17	0.5	**1.6**	**8**
15		15	0.2	4	17	0.5		
16	8	11	0.2	4	17	0.5	**1.4**	**8**
17		8	0.1	4	17	0.5		
18	9	4	0.1	4	17	0.5	**1.2**	**8**

ANNEXURE- 3												
STEEL WIRE DRAWING PROJECT												
ESTIMATED WORKING RESULTS												
	Year of Operation	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	
	Production	60%	70%	80%	80%	80%	80%	80%	80%	80%	85%	
No	**Item**	**In R.O.'000**										**Remarks**
1	**Operating Cost**	165	182	198	201	203	205	208	210	213	223	Ref Annexure 2
2	Expected Sales											
a	Total Sales	168	196	224	224	224	224	224	224	224	238	
3	**Profit before Int & dep**	**3**	**14**	**26**	**23**	**21**	**19**	**16**	**14**	**11**	**15**	Sum of (2-1)
4	Depreciation	8	8	8	8	8	8	8	8	8	8	Ref Annexure 2.7
5	Finance Cost	3	3	3	2	2	2	2	1	1	1	Ref Annexure 2.8
6	**Operating profit**	**-7**	**4**	**15**	**13**	**11**	**9**	**7**	**5**	**2**	**6**	Sum of (3 - 4 - 5)
7	Other income if any											
8	Prelim Expenses written off	9	0	0	0	0	0	0	0	0	0	Ref Annexure 2.7
9	Profit/Loss before tax	-16	4	15	13	11	9	7	5	2	6	Sum of (6 - 7 - 8)
10	Income Tax	0	0	0	0	0	0	0	0	0	0	NA
11	**Profit after tax**	**-16**	**4**	**15**	**13**	**11**	**9**	**7**	**5**	**2**	**6**	
12	Statutory reserve		0	2	1	1	1	1	0	0	1	
13	Profit for appropriation	-16	4	14	12	10	8	6	4	2	6	
14	Dividend	0	0	0	0	0	0	0	0	0	0	
15	General reserve	-16	4	14	12	10	8	6	4	2	6	Difference (13) - (14)
16	**Net cash accruals**	**1**	**12**	**23**	**21**	**19**	**17**	**15**	**12**	**10**	**14**	

ANNEXURE- 3.1						
STEEL WIRE DRAWING PROJECT						
ESTIMATES OF SALES REALISATION						
S.No.	**Item**	Unit	**Qty**	**Rate**	**Amount**	**Remarks**
			Annual	RO	**(R.O.)**	
A	**Income**					
1	**Steel wire**	**Ton**	700	400	280,000	
	Total		**700**		**280,000**	

ANNEXURE- 4													
STEEL WIRE DRAWING PROJECT													
PROJECTED CASH FLOW STATEMENT													
	Year of Operation		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	
	Production		60%	70%	80%	80%	80%	80%	80%	80%	80%	85%	
	Nos	000											
No	**Item**	**In R.O.'000**											**Remarks**
A	**CASH INFLOW**												
1	Equity	17	0	0	0	0	0	0	0	0	0	0	Ref Annexure 1
2	Profit bef tax & int		-13	7	18	16	13	11	9	6	3	7	Ref Annexure 3
3	Depreciation	0	8	8	8	8	8	8	8	8	8	8	Ref Annexure 2.7
4	Prel exp written off		9	-	-	-	-	-	-	-	-	-	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 Bank Term Loan	53	0	0	0	0	0	0	0	0	0	0	Ref Annexure 1
7	Increase in W C loan	17	0	0	0	0	0	0	0	0	0	0	Ref Annexure 1
8	Other income	0											Ref Annexure 3
9	**Sub Total**	**87**	**3**	**14**	**26**	**23**	**21**	**19**	**16**	**14**	**11**	**15**	**Sum of A1 to A8**
B	**CASH OUTFLOW**												
1	Capital Project expenditure	54	0	0	0	0	11	6	0	0	11	0	Ref Annexure 1& 2.7
2	Other normal cap exp	9											Ref Annexure 1& 2.7
3	Increse in Working Cap:	24	0	2	2	0	0	0	0	0	0	0	Ref Annexure 1.7
4	Decrease in Institu:Loan	0	0	0	8	8	8	8	8	8	8	0	Ref Annexure 2.8
5	Decrease in Other term loan		0	0	0	0	0	0	0	0	0	0	
5	Interest on term loans		2	2	2	1	1	1	1	0	0	0	Ref Annexure 2.8
6	Interest on work cap loan		1	1	1	1	1	1	1	1	1	1	Ref Annexure 2.8
7	Income Tax	0	0	0	0	0	0	0	0	0	0	0	Ref Annexure 3.2
8	Dividend	0	0	0	0	0	0	0	0	0	0	0	Provision
9	Sub Total	87	3	5	12	10	21	15	9	9	20	1	Sum of B1 to B10
10	**OPENING BALANCE**	0	0	1	10	24	38	38	41	48	53	45	
C	**SURPLUS**	**0**	**1**	**10**	**14**	**14**	**0**	**3**	**7**	**5**	**-9**	**14**	Difference(A9)-(B11)
D	**CLOSING BALANCE**	**0**	**1**	**10**	**24**	**38**	**38**	**41**	**48**	**53**	**45**	**59**	

ANNEXURE- 5													
STEEL WIRE DRAWING PROJECT													
INTERNAL RATE OF RETURN ON TOTAL CAPITAL													
	Year of Operation		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	
	Production		60%	70%	80%	80%	80%	80%	80%	80%	80%	85%	
No	**Item**	**In R.O.'000**											**Remarks**
A	**CASH INFLOW**												
1	Net Profit bef. Tax		-16	4	15	13	11	9	7	5	2	6	Refer Annexure - 3
2	Depreciation	0	8	8	8	8	8	8	8	8	8	8	Ref Annexure 2.7
3	Prelim Exp written off		9	0	0	0	0	0	0	0	0	0	Ref Annexure 2.7
4	Finance Cost	0	3	3	3	2	2	2	2	1	1	1	Ref Annexure 2.8
5	Salvage Value	0	0	0	0	0	0	0	0	0	0	75	Ref Annexure 2.7
6	Sub Total	0	3	14	26	23	21	19	16	14	11	90	Sum of A1 to A5
B	**CASH OUTFLOW**												
1	Capital Project expenditure	54	0	0	0	0	11	6	0	0	11	0	Refer Annexure - 1
2	Other normal cap exp	9	0	0	0	0	0	0	0	0	0	0	Refer Annexure - 1
3	Working Capital	24	0	2	2	0	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	87	0	2	2	0	11	6	0	0	11	0	Sum of B1 to B4
C	**NET CASHFLOW (AT)**	**-87**	**3**	**12**	**24**	**23**	**10**	**13**	**16**	**14**	**0**	**90**	
D	**NETCASH FLOW(PT)**	**-87**	**3**	**12**	**24**	**23**	**10**	**13**	**16**	**14**	**0**	**90**	
E	**INTERNAL RATE OF RETURN ON TOTAL INVESTMENT**										**14.42**	**%**	

ANNEXURE- 6													
STEEL WIRE DRAWING PROJECT													
INTERNAL RATE OF RETURN ON EQUITY CAPITAL (AFTER TAX)													
	Year of Operation	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	
	Production		60%	70%	80%	80%	80%	80%	80%	80%	80%	85%	
No	**Item**	**In R.O.'000**											**Remarks**
A	**CASH INFLOW**												
1	Net Profit before Tax	0	-16	4	15	13	11	9	7	5	2	6	Refer Annexure- 3
2	Depreciation	0	8	8	8	8	8	8	8	8	8	8	Refer Annexure - 2.7
3	Prelim Exp written off	0	9	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	75	Refer Annexure - 2.7
5	Sub Total	0	1	12	23	21	19	17	15	12	10	89	Sum of A1 to A4
B	**CASH OUTFLOW**												
1	Equity	17	0	0	0	0	0	0	0	0	0	0	Refer Annexure - 1
2	Fixed Assets	0	0	0	0	0	11	6	0	0	11	0	Refer Annexure - 1
3	Working Capital	0	0	2	2	0	0	0	0	0	0	0	Refer Annexure - 1
4	Loan Instalment	0	0	0	8	8	8	8	8	8	8	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	17	0	2	9	8	19	14	8	8	19	0	Sum of A1 to A5
C	**NET CASHFLOW**	**-17**	**1**	**10**	**14**	**14**	**0**	**3**	**7**	**5**	**-9**	**89**	
D	**INTERNAL RATE OF RETURN ON EQUITY INVESTMENT**								**41.36**	%			

ANNEXURE- 7

STEEL WIRE DRAWING PROJECT

PROJECTED BALANCE SHEET

	Year of Operation		1	2	3	4	5	6	7	8	9	10	
	Production		60%	70%	80%	80%	80%	80%	80%	80%	80%	85%	
No	**Item**	**In R.O.'000**											**Remarks**
A	**ASSETS EMPLOYED**												
1	Fixed Assets												
a	Gross Fixed Assets	54	54	54	54	54	65	71	71	71	82	82	Refer Annexure - 2.7
b	Preliminary expenses	9	0	0	0	0	0	0	0	0	0	0	Refer Annexure- 2.7
c	Acc. Depreciation	0	8	15	23	31	38	46	54	61	69	77	Refer Annexure - 2.7
d	Net Fixed Assets	63	46	39	31	23	27	25	17	10	13	6	
2	Current Assets												
a	Cash	0	1	10	24	38	38	41	48	53	45	59	Refer Annexure - 4
b	Other Cur. Assets	24	24	26	28	28	28	28	28	28	28	28	Refer Annexure - 1.7
c	Total Cur. Assets	24	25	36	52	66	66	69	76	81	73	87	
3	Less: Cur. Liabilities	0	0	0	0	0	0	0	0	0	0	0	
		87	**71**	**75**	**83**	**89**	**93**	**94**	**94**	**91**	**86**	**92**	
B	**FINANCED BY**												
1	Equity	17	17	17	17	17	17	17	17	17	17	17	Refer Annexure - 1
2	Statutory reserve		0	0	2	3	4	5	6	7	7	7	
3	General reserves	0	-16	-12	2	14	24	32	38	43	45	50	Cu.NP-Cu.Divident
4	Other term loan	0	0	0	0	0	0	0	0	0	0	0	Refer Annexure - 2.8
5	Institutional Finance	53	53	53	45	38	30	23	15	8	0	0	Refer Annexure - 2.8
6	Bank Borrowings	17	17	17	17	17	17	17	17	17	17	17	Refer Annexure - 2.8
		87	**71**	**75**	**83**	**89**	**93**	**94**	**94**	**91**	**86**	**92**	

ANNEXURE- 8											
STEEL WIRE DRAWING PROJECT											
RATIO ANALYSIS											
	Years of Operation	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
A	**COST RATIOS**										
1	Raw Material / Total Sales	47.4%	47.4%	47.4%	47.4%	47.4%	47.4%	47.4%	47.4%	47.4%	47.4%
3	Utilities / Total Sales	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
4	Factory wages / Total Sales	20.7%	18.2%	16.4%	16.9%	17.4%	18.0%	18.5%	19.0%	19.6%	19.0%
5	Prime Cost / Total Sales	69.0%	66.6%	64.8%	65.3%	65.8%	66.3%	66.9%	67.4%	68.0%	67.4%
6	Factory exp. / Total Sales	5.7%	5.3%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.9%	4.6%
7	Factory Cost / Total Sales	74.8%	71.9%	69.6%	70.1%	70.6%	71.2%	71.7%	72.3%	72.9%	72.0%
8	Administrative exp. / Total Sales	15.5%	13.6%	12.3%	12.6%	13.0%	13.4%	13.7%	14.1%	14.5%	14.1%
9	Selling exp. / Total Sales	7.8%	7.2%	6.7%	6.8%	7.0%	7.1%	7.3%	7.5%	7.7%	7.5%
10	Finanace Cost / Total Sales	1.5%	1.3%	1.1%	1.0%	0.9%	0.8%	0.7%	0.6%	0.5%	0.4%
11	Non-Cash exp. /Total Sales	9.9%	3.9%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.2%
12	Total Cost / Sales	109.5%	98.0%	93.1%	94.0%	94.9%	95.9%	96.9%	97.9%	99.0%	97.3%
B	**PROFITABILITY RATIOS**										
1	PBDIT / Sales	2.0%	7.3%	11.5%	10.5%	9.4%	8.3%	7.2%	6.1%	4.9%	6.4%
2	Operating profit / Sales	-4.1%	2.0%	6.9%	6.0%	5.1%	4.1%	3.1%	2.1%	1.0%	2.7%
3	PAT / Sales	-9.5%	2.0%	6.9%	6.0%	5.1%	4.1%	3.1%	2.1%	1.0%	2.7%
4	PAT / Investment	-22.8%	5.7%	22.1%	19.2%	16.2%	13.1%	9.9%	6.6%	3.2%	9.3%

ANNEXURE- 9				
STEEL WIRE DRAWING PROJECT				
BREAK EVEN ANALYSIS				
S. No.	**Item**	**Year 1**	**Year 6**	**Remarks**
	In R.O. '000			
A	**FIXED COST**			
1	Production Wages	35	40	Refer Annexure - 2
2	Factory Overhads	1	1	Refer Annexure - 2
3	Misc. Factory Exp.	2	3	Refer Annexure - 2
4	Admin. Expenses	26	27	Refer Annexure - 2
5	Sales Expenses	13	16	Refer Annexure - 2
6	Depreciation	8	8	Refer Annexure - 2
7	Prelim. Expenses written off	9	0	Refer Annexure - 2
8	Financing Cost	3	2	Refer Annexure - 2
9	Income Tax	0	0	Refer Annexure - 2
10	Sub Total	96	98	
B	**VARIABLE COST**			
1	Raw materials	80	106	Refer Annexure - 2
2	Utilities	2	2	Refer Annexure - 2
3	Misc. Expenses	0	0	
4	Sub Total	81	108	
C	**SALES**	168	224	Refer Annexure - 3
D	**CONTRIBUTION**	87	116	Difference C - B
E	**BREAK EVEN POINT**	110.9	84.3	As % of Production
		66.6	67.5	As % of Plant Capacity
F	**CASH BEP**	91.7	77.7	As % of Production
		55.0	62.2	As % of Plant Capacity

ANNEXURE- 10					
STEEL WIRE DRAWING PROJECT					
SENSITIVITY ANALYSIS (IRR FOR 10 YEARS)					
		Projection	**Change in One**		
S.No.	**Item**	**No Change**	**Variable at a Time**		
A	**VARIABLE**		Volume	R. M	Sales
			Nos	Cost	Value
	Value- Original				
B	**PESSIMISTIC**				
	Change		**-5%**	**5%**	**-5%**
C	**OPTIMISTIC**				
	Change		**5%**	**-5%**	**5%**
D	**I R R - PESSIMISTIC PROJECTION**				
1	**I R R on Investment**	14.4	7.8	8.4	1.3
2	**I R R on Equity**	41.4	19.0	20.6	2.1
E	**I R R - OPTIMISTIC PROJECTION**				
1	**I R R on Investment**	14.4	20.7	20.2	26.3
2	**I R R on Equity**	41.4	65.4	63.5	88.0

ANNEXURE- 11												
STEEL WIRE DRAWING PROJECT												
DEBT SERVICE COVERAGE RATIO												
	Years of Operation	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
	Production in (%)		60%	70%	80%	80%	80%	80%	80%	80%	80%	85%
	Nos	000										
No	**Item**	**In R.O.'000**										
1	Profit after tax		-16	4	15	13	11	9	7	5	2	6
2	Depreciation		8	8	8	8	8	8	8	8	8	8
3	Prelimnery exp. Written off		9	0	0	0	0	0	0	0	0	0
4	Interest		3	3	3	2	2	2	2	1	1	1
5	Total		3	14	26	23	21	19	16	14	11	15
1	Annual repayment		0	0	8	8	8	8	8	8	8	0
2	Interest		3	3	3	2	2	2	2	1	1	1
3	Total		3	3	10	10	10	9	9	9	9	1
	D.S.C.R		1.27	5.49	2.55	2.38	2.20	1.99	1.77	1.53	1	15
	WT. AVERAGE D.S.C.R	**2.080**										