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OCCASION

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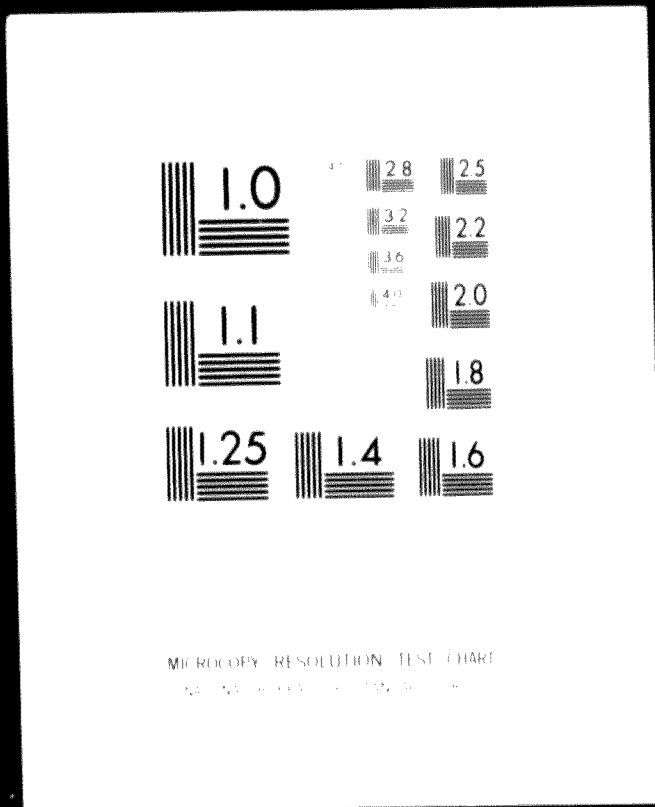
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United Nations Industrial Development Organization

PROJECT INFORMATION SHEET

IRA-16-71

SECOND ASIAN MEETING TO
PROMOTE INDUSTRIAL PROJECTS^{1/}

SINGAPORE, 3-11 November 1971

INDUSTRIAL PAINTS AND RESINS

COUNTRY

Iran

PROJECT

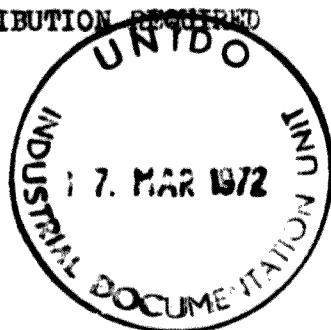
Manufacture of industrial paints
and resins.

Capacity: resins 3,000 tons p.a.
 paints 2,500 tons p.a.

Total investment: US \$1,550,000

FOREIGN CONTRIBUTION RECEIVED

- Suppliers credit (\$390,000)
- Management
- Marketing



^{1/} Sponsored by: The Economic Commission for Asia and the Far East (ECAFE), The United Nations Industrial Development Organization (UNIDO).

IMPORTANT NOTICE

The basic purpose of this meeting is to provide an Exchange or Market Place for the initiation of contacts on specific industrial projects between their proponents from the Asian countries and potential suppliers of capital, finance, equipment or know-how, as the case may be, from the industrialized countries.

This Project Information Sheet has been prepared as a basis for such contacts. Its purpose is not to present detailed information about the project but to provide the recipient with an outline sufficient to determine tentative interest in principle. Any further available information on the project will be furnished on request to interested parties at the Meeting.

Experience has shown that industrialists frequently prefer to carry out their own further investigations in detail into projects in which they are interested, but assistance from UNIDO in these matters can be rendered to the Asian country concerned on request.

This Information Sheet contains only the information supplied to UNIDO by the proponent of the Project. UNIDO can therefore take no responsibility for its accuracy.

INDUSTRIAL PAINTS AND RESINS

I. INTRODUCTION

. The Project

The project entails manufacture of industrial paints and resins for the domestic market and for export.

. Foreign Contribution Required

Total investment of the project is estimated at \$1,550,000 of which \$390,000 is wanted as suppliers credit. Further management and marketing is required.

. Government Attitude

The project enjoys priority due to its contribution to regional development and industrialization.

II. COMMERCIAL ASPECTS OF THE PROJECT

- Proposed Plant Capacity

The plant capacity is: resins 3,000 tons p.a. which may be increased
paints 2,500 tons p.a.

- Total Domestic Consumption

The present consumption of resins is 7,000 tons p.a. and of paints, 20,000 tons p.a.

- Present Sources of Supply

The local production is: resins 3,500 tons
paints 17,000 tons

The import is: resins 3,500 tons
paints 3,000 tons

- Projected Consumption and Export

The projected increase in consumption is 14% p.a.

At present there is no export but an ultimate export of 20% of the production is envisaged.

- Proposed Price of the Product

	<u>US\$ per kilo - average</u>
The proposed price of resins	0.60
The proposed price of paints	1.30
The imported price of resins	0.65
The imported price of paints	1.50
The price for local competition of resins	0.60
The price for local competition of paints	1.30

III. PHYSICAL ASPECTS OF THE PROJECT

. Location

Proposed plant site is Ghasvin.

. Land and Buildings

The area needed is 20,000 sq. m. and for building 3,400 sq. m.

. Labour

Wage rates: skilled labour US \$5.00 per day
unskilled labour US \$2.00 per day.

. Raw Materials

The raw materials which are available locally are situated within a radius of 70 miles. Some of the raw materials must be imported. The costs are:

<u>Imported</u>	<u>Average US\$ per kilo</u>
Resin	0.60-0.75
Pigments	0.55-0.70
Solvents	0.25-0.50
<u>Local</u>	
Solvents	0.10
Fillers	0.20
Additives	0.90-1.80

. Infrastructure

There is access to roads and utilities at the plant site.

. Utilities

Cost of: water US \$0.06 per cubic metre
electricity US \$0.02 per kWh

IV. ECONOMIC ASPECTS

. Importance

The project is aimed at import substitution.

. Incentives

There will be a tax exemption for the first 5 years.

Import of machinery is duty free and no restriction on capital repatriation.

V. FINANCIAL ASPECTS OF THE PROJECT

. Composition of Investment (in US\$)

	<u>Local Cost</u>	<u>Foreign Exchange</u>	<u>Total</u>
Pre-investment cost	170,000	-	170,000
Assets:			
Land	35,000	-	35,000
Building	205,000	-	205,000
Machinery	40,000	390,000	430,000
Working capital	<u>710,000</u>	<u>-</u>	<u>710,000</u>
Total	<u>1,160,000</u>	<u>390,000</u>	<u>1,550,000</u>

. Financing Plan (in US\$)

	<u>Local Cost</u>	<u>Foreign Exchange</u>	<u>Total</u>
Equity	700,000	-	700,000
Loan	460,000	-	460,000
Suppliers credit	<u>40,000</u>	<u>390,000</u>	<u>430,000</u>
Total	<u>1,200,000</u>	<u>390,000</u>	<u>1,550,000</u>

VI. ADDITIONAL INFORMATION

. Project Presented by:

Industrial Credit Bank

Atashkadeh Ave.

Teheran, Iran

. This project is financed by two Iranian industrial banks, namely:

Equity from the Industrial Credit Bank \$200,000

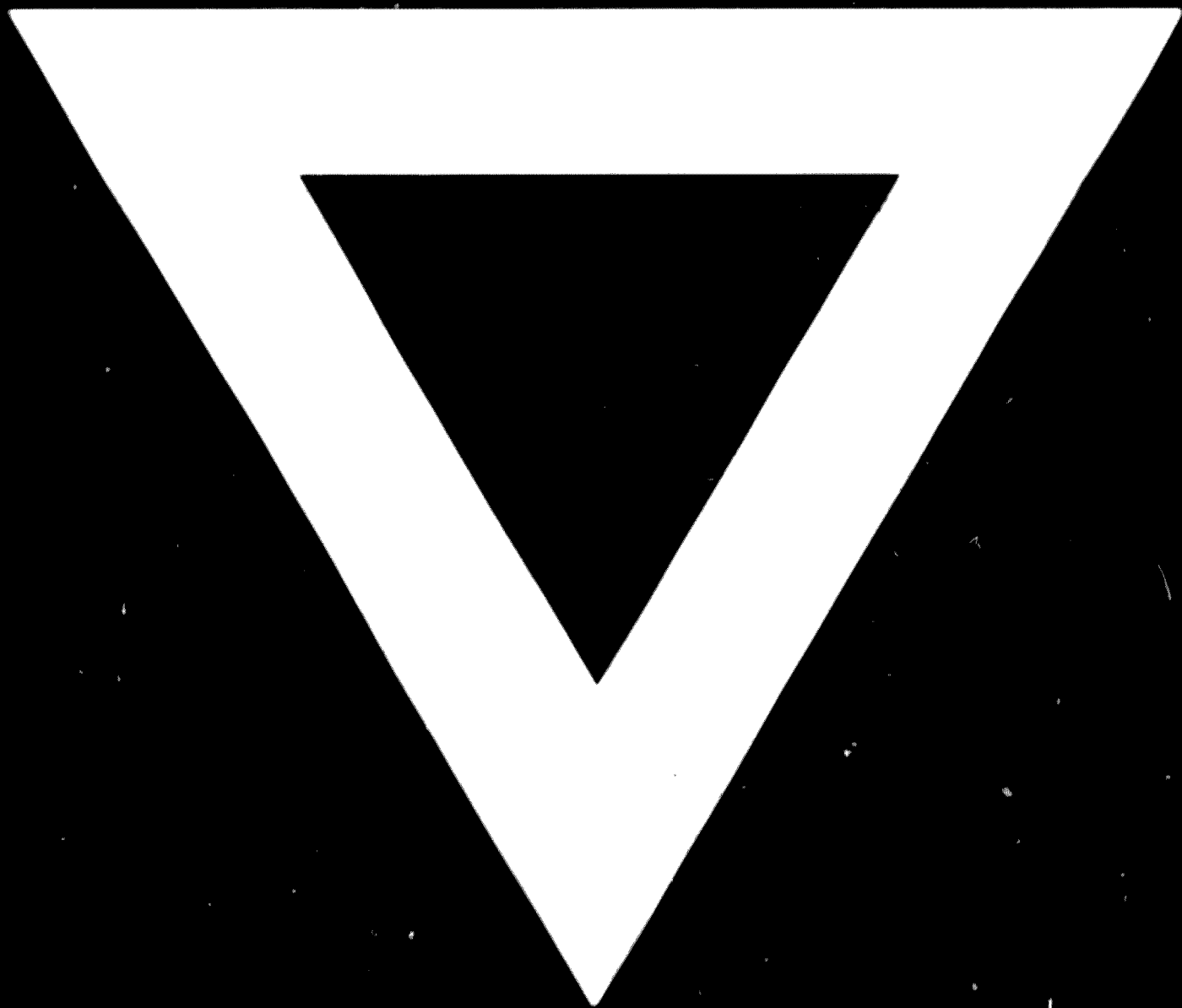
Loan from the Industrial Development Bank \$460,000

. There is a plan calling for doubling production in 5 years.

. Documentation

A feasibility study and a market study have been conducted.

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