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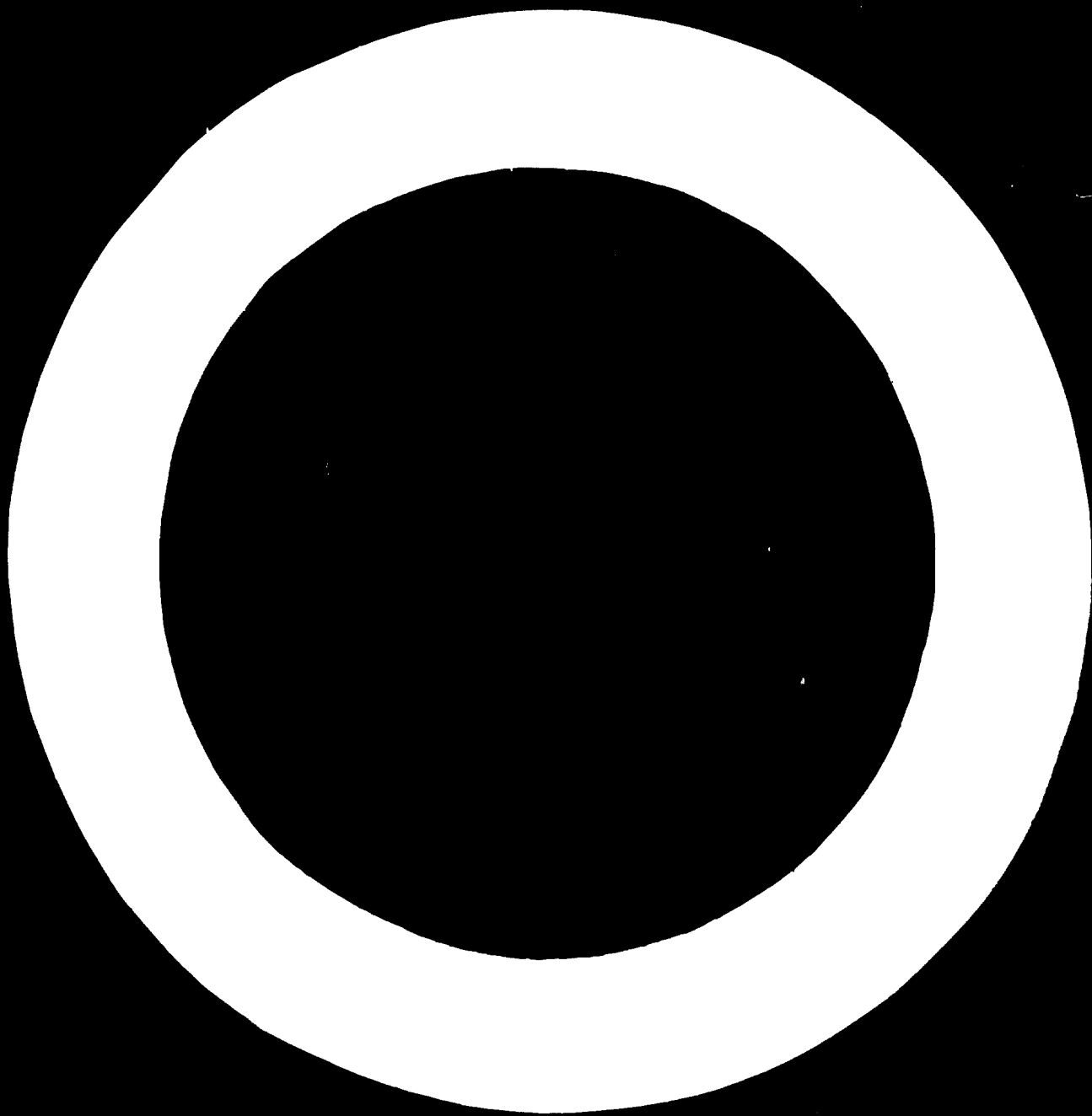
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CHECKLIST OF PROJECT INFORMATION^{1/}

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Introductory Note

The information asked for in the checklist is required as a minimum in order that a report on the project proposal can be prepared for the consideration of the prospective foreign collaborator. A foreign firm with whom technical and/or financial collaboration is being discussed will require full information about the financial standing and business experience of the party seeking such collaboration and with a well planned, technically sound and financially balanced proposal so as to enable it to properly evaluate the possibilities for making the proposal successful. It is, therefore, necessary to furnish information on each item of the checklist in as much detail as possible. The information asked for is what is required by the entrepreneur himself before he takes a decision to proceed with the project.

The checklist is intended to provide the basic information needed by UNIDO regarding the soundness, and viability of the proposed project and to enable it to render adequate service regarding its promotion. Most of the information asked for is such that an entrepreneur can normally collect it on the basis of a preliminary investigation.

In those cases where the promoters are themselves not yet familiar with the technology and economics of the new manufacturing enterprises which they want to set up, UNIDO suggests that they might avail themselves of the services of competent technical and economic advisers, in order to obtain the information needed for the adequate filling up of the checklist. UNIDO may be able to provide such assistance under its Special Industrial Services programme.

Should it not be possible to furnish in detail all the information required in this checklist, UNIDO will appreciate receiving as much as is available. UNIDO will then endeavour to supplement the information wherever required, in order to get a clear picture of the proposal.

The entrepreneurs are advised to forward to UNIDO all relevant information concerning their proposal. If confidential information is also included,

UNIDO will request its confidentiality. It will be in the interest of the promoting party to furnish additional references, if any, from any trade or industrial organization, local or foreign, with whom it is already connected, either as a member or associate, as this will improve its chances of obtaining a favourable response from the foreign party.

PART ONE

INFORMATION CONCERNING PRESENT BUSINESS ACTIVITIES

The information required in this Section is for the purpose of inspiring confidence in the prospective foreign collaborator that the local party whose proposal he has to consider for offering collaboration is of sound business and financial standing and that the sponsors could be expected to implement the project competently. It is, therefore, necessary that the information about the financial standing and business experience of each of the Directors of the proposed firm is given in detail.

1. Name and address of the applicant
2. Present status:
 - a. Sole proprietorship/partnership/private limited company/public limited company.
 - b. Date and place of registration/incorporation.
 - c. If the proposal relates to expansion of an existing company, a brief note on the development of the company and of its subsidiaries and associates, if any, may be attached.

3. Management:

- a. Name(s) of proprietor/partners/Directors and key officers, their financial standing, business connections and technical experience; and
- b. Names of Managing Agents and the names of other companies in which they are acting in a similar capacity.

4. Capital resources and operating results:

Please supply audited balance sheets and profit and loss accounts for the past five years and the Chairman's speech, if any, and other relevant financial and credit information as Annexures.

In case of proprietary and partnership concerns, where audited balance-sheets are not available, details may be given as to the total investment made by the proprietor or each of the partners, the total sales turnover of the concern and profits realised for the past five years.

5. Nature of present business:

Please also furnish commercial references, if possible.

6. Nature of present business:

In order to give a comprehensive idea about the present business activities of the local business firm, it is necessary that as much information as possible should be presented. In case, there is already any surplus capacity available in the existing enterprise which could be utilised partially or wholly for the manufacture of new items, this may be indicated clearly. In case, there are any items of machinery or any other service facilities which can be utilised for the expansion programme, details thereof may also be furnished.

- a. Details of the industrial licences other than that related to project under reference, if any, already held by you.
- b. Indicate details about the location of the existing factories, the item(s) at present manufactured, their specifications, present capacity and present output. Also indicate the extent of idle or surplus capacity available which can be used for manufacture of the proposed items.
- c. Give a short description of the existing land and buildings and their value. Are expansion possibilities available?

Please give details of workshop facilities if any, available with you to produce parts of machinery, as well as materials and tools for repairs.

- d. Number of employees:
Indicate separately skilled/semi-skilled/unskilled labour/ and technical personnel

Please give details of qualifications, past experience and technical knowledge of your existing technical staff.

- e. Does the concern possess a sales organisation? If so, give an outline thereof.
- f. Name of the foreign firm(s) with which technical collaboration already exists in respect of the manufacture of each item and give brief particulars about the terms of collaboration viz. (i) technical services offered (ii) amount of foreign financial participation (iii) rate of royalty and (iv) period of agreement.

PART TWO

INFORMATION CONCERNING THE PROPOSED PROJECT

The information under this item is for giving an indication to the prospective foreign collaborator about the type of organisation, details of the sponsors etc.

1. Organisational set up:

- a. Whether the project is to be executed by the same organisation/company or is it proposed to have a new organisation/company? If it is to be a new organisation/company, full details of such an organisation with names, addresses, financial standing and business connections of the principal promoters or participants may be given.
- b. A copy of the Memorandum and Articles of Association of the Company, if the new company has already been incorporated, may kindly be enclosed.

2. Issue of Industrial licence:

Is there any requirement for obtaining a licence to undertake the project? If so, a copy of the application submitted to the Government and a copy of the licence or letter of intent may be enclosed.

3. Products to be manufactured:

- a. List of products to be manufactured and the process of manufacture to be employed.
- b. Specifications (quality, size, etc.) of each product.
- c. Proposed production capacity for each item (number of working days in the year, and number of working shifts per day, on the basis of which annual production capacity is calculated, may be clearly indicated).
- d. Details of phased programme of manufacture, if any.

4. Project Report:

If any project report has been already prepared, a copy of the report may be sent. In case no project report has been prepared but certain preliminary investigations have been made, even such preliminary information as has been collected will be of help to UNIDO in drawing up a tentative report about the proposal. Therefore, even preliminary data, if any, collected by the entrepreneur may be forwarded.

5. Present position of the industry in the country:

- a. Number of other manufacturing units already in production, their location, their aggregate annual production for the past 4 or 5 years.
- b. Present position, and future market trends, for the products.
- c. Current whole-sale and retail prices for each of the products.
- d. If any of the products are being imported from abroad at present, their C.I.F. prices, current rates of import duties, import restrictions and protection enjoyed, if any, may be mentioned.
- e. Average profit margins in the industry.
- f. Have you explored the possibilities of exporting the items proposed to be manufactured. If so please give indications of your findings and also of the value of exports which you contemplate in the near future.

The entrepreneur has to give some idea about the market conditions and profitability of the industry with a view to enable the foreign firm to make an estimate of the financial prospect of the venture. An indication may also be given of the sizes and varieties that are popular in the local market. Normally, the entrepreneur should be able to collect most of the information under this head on the basis of the preliminary investigations made by him. In case complete details are not available, such information as can be readily collected may be furnished so as to enable UNIDO to examine the same and supplement the data to the extent possible from other sources.

6. Requirements of raw materials, process materials, fuels, water, power etc.:

- a. (i) What are the raw materials and process materials required (quantities and values to be mentioned).
- (ii) Indicate the nearest source of supply, specifying the State, distance from the site of the proposed factory, mode of transport to factory site and approximate delivery price at the factory site and whether adequate supplies are available.
- b. If any materials or components have to be imported, indicate:
 - (i) The quantity and value of imports during each year,
 - (ii) The period for which such imports would be necessary,
 - (iii) Possibilities of indigenous availability of these materials/or substitutes.
- c. Quantities of various types of fuel, water and electric power (nature of electric supply) required -- their sources of supply and their cost.
- d. Mention what arrangements have been made, or are proposed to be made for supply of:
 - (i) Raw materials
 - (ii) Stores
 - (iii) Fuel
 - (iv) Power
 - (v) Water

7. Labour requirements:

Indicate the number of employees required to manufacture the products at the proposed annual production rate. The number of shifts per day and the total number of working days in the year should be stated to explain the basis on which the estimates have been arrived at.

- a. Skilled
- b. Semi-skilled
- c. Unskilled
- d. Technical

Also indicate whether they will be available in adequate numbers at the proposed location and the arrangements proposed for training technical personnel and labour. The number of foreign technical personnel required may also be specified.

Also give approximate average monthly rates of wages (inclusive of all allowances and benefits) for the following categories of labour:

- a. Skilled
- b. Semi-skilled
- c. Unskilled

The labour requirements may be indicated in detail; if foreign technicians are required, their number and period of employment should be stated. Arrangements proposed to be made for training of technical personnel and labour may also be indicated. The availability of skilled and semi-skilled labour from training institutions should be commented upon.

8. Location of the factory site:

The information may be indicated in detail with a view to enable UNIDO to have a clear picture of the proposed location, raw materials facilities, adequacy of supplies of fuel, water power and labour facilities, transport facilities at the location, the distance of the proposed site from the sources of raw materials supply and markets, etc.

- a. Actual location (Distance of the proposed factory site from the nearest railway station and sea port may be indicated).
- b. Advantages of the particular location, with reference to the availability of:
 - (i) Raw material
 - (ii) Fuel
 - (iii) Water
 - (iv) Power
 - (v) Skilled and other labour
 - (vi) Transport and communication facilities -- the cost of transport (by rail, road or by air) from the factory site to important ports or cities in the State may be given
 - (vii) Markets
 - (viii) Arrangements for disposal of waste and effluents.
- c. Proposed arrangements, if any, for construction of the factory, roads, railway sidings and other facilities.
- d. Describe the climatic conditions at the proposed site preferably with the assistance of meteorological data.
- e. Describe amenities such as housing and medical facilities available for foreign personnel.

9. Estimate of capital cost of project:

- a. Land: including cost of development expenses towards road, drainage, et
- b. Railway sidings
- c. Buildings:
 - (i) Factory
 - (ii) Office, Staff quarters etc.
- d. Plant and Machinery:
 - (i) Imported F.O.B. cost of main machineries and auxiliaries including power plant, transformer, etc., if any.
 - (ii) Import duty, insurance and freight.
 - (iii) Spare parts for imported equipments.
 - (iv) Indigenous equipments.
 - (v) Erection charges.
- e. Technical know-how and engineering fees: specify foreign exchange separately.
- f. Workshop, laboratory and any special equipment.
- g. Other fixed assets (motor vehicles, furniture fixtures, etc.).
- h. Preliminary expenses (legal expenses, brokerage and underwriting commission, etc.).
- i. Pre-operative expenses (training cost of personnel and cost of initial commissioning of plant) - please specify foreign exchange components.
- j. Contingencies
- k. Working capital (please indicate the basis of estimate)

While it is appreciated that it may not be possible to indicate precisely details of the cost of the project as per break-up indicated above, especially as the cost would depend to some extent on the value of the imported machinery and its country of origin, the sponsors should nevertheless make efforts to conduct some preliminary investigations with a view to presenting tentative estimates of costs under each of these heads, on the basis of the capacity envisaged. The local Firm should also try to assess the items of machinery (and their approximate value) that are already available locally

or which are being developed in the country. This is of particular importance, as at the stage of approval for capital goods, indigenous machinery is disallowed.

It may also be indicated whether any important licences for capital goods have been applied for/obtained; if so, a copy of the import licence may also be sent.

10. Details of the proposed capital structure:

a. Authorized Capital.

b. Issued, Subscribed & Paid up capital:

- | | Equity | Preference |
|--|--------|------------|
| (i) proposed to be contributed by sponsors and their friends and the amount different sponsors propose to take individually. | | |
| (ii) proposed to raise from local financial institutions. | | |
| (iii) proposed to be raised by public issue. | | |
| (iv) participation by foreign firms and/or Financial institutions. | | |

c. Loans:

- | | Debentures | Long-term | Short-term |
|---------|------------|-----------|------------|
| Local: | | | |
| Foreign | | | |

Please indicate the sources and the arrangements proposed to be made. In the case of expansion of existing company's activities please indicate the proposed plans for meeting additional finance from capital, loans and reserves, if any.

Full details as to how the project will be financed have to be indicated to enable the foreign firm to judge the feasibility of the project. Details relating to the terms, conditions, rights and priorities pertaining to local capital, including participation by sponsors, bank borrowings, local Government sources and sale of shares and debentures, may be given. An account of the efforts made to raise capital from other local and foreign

sources and the terms, if any, on which such capital is available will be very useful. An estimate of the time within which the local capital would be repaid may be indicated. Also indicate clearly how the foreign exchange component is expected to be financed.

11. Estimates of cost of production and profit margin:

I. Estimates of cost of production for each item of manufacture may be given under the following heads.

\$

- a. Cost of raw material
 - (i) Basic materials
 - (ii) Process materials
- b. Conversion costs
 - (i) Fuel
 - (ii) Water
 - (iii) Power
 - (iv) Salaries of production staff & labour wages
 - (v) other services.
- c. Factory overheads
(Including maintenance charges)
- d. Office overheads
- e. Depreciation on various fixed assets
- f. Interest charges
- g. Contingencies

Total: _____

II. Selling and Distribution expenses.

III. Estimates of profit margin based on cost of production and prevailing prices be given for first five years of production. Enough information should be furnished to enable the foreign firm to make an estimate of the financial prospects of the venture.

It may not be possible to present all this information. However, tentative estimates may be made by the entrepreneur himself with a view to furnish as much information as possible. The information asked for under this head is of vital importance and hence efforts should be made to complete it in as much detail as possible.

12. Nature and extent of foreign collaboration required:

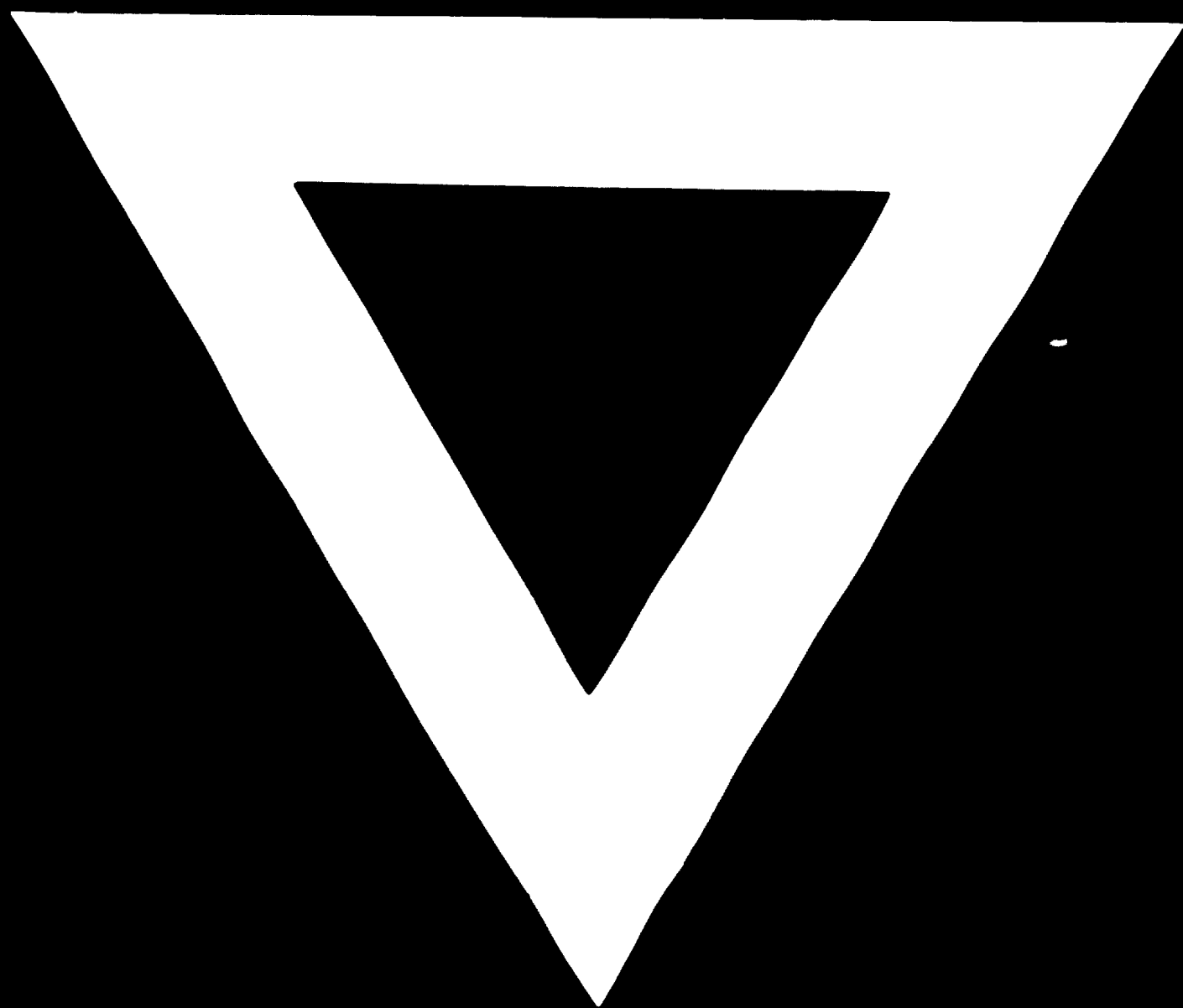
- a. Whether technical and/or financial collaboration is required.
- b. Details of technical collaboration required.
- c. Extent and form of financial collaboration required.
- d. If collaboration with any particular foreign party or parties is preferred, it may be indicated.
- e. If any foreign parties have already been contacted by the promoters, details of the negotiations along with copies of correspondence, if any, may be given.

The entrepreneur is required to furnish precise information as to what technical assistance is required by him, e.g. engineering services, technical know-how for processes of products, patents, designs, research, etc.

In case, the local firm has already contacted any foreign firm for technical or financial collaboration or for quotations for machinery, details thereof may be furnished. This is of vital importance since it may not be worthwhile contacting a foreign firm again which has already not shown any interest in the collaboration at an early stage. This will also enable UNIDO to try to seek collaboration from other foreign parties who may show interest.

In case the entrepreneur has not contacted any foreign party but if he has got any particular foreign firm or particular country wherefrom he is interested in securing such collaboration details thereof may be furnished. In such cases, UNIDO will try to contact these parties or in these countries in the first instance and in case of non-response, UNIDO will pursue the inquiry with other interested foreign parties or other countries.





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