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## OCCASION

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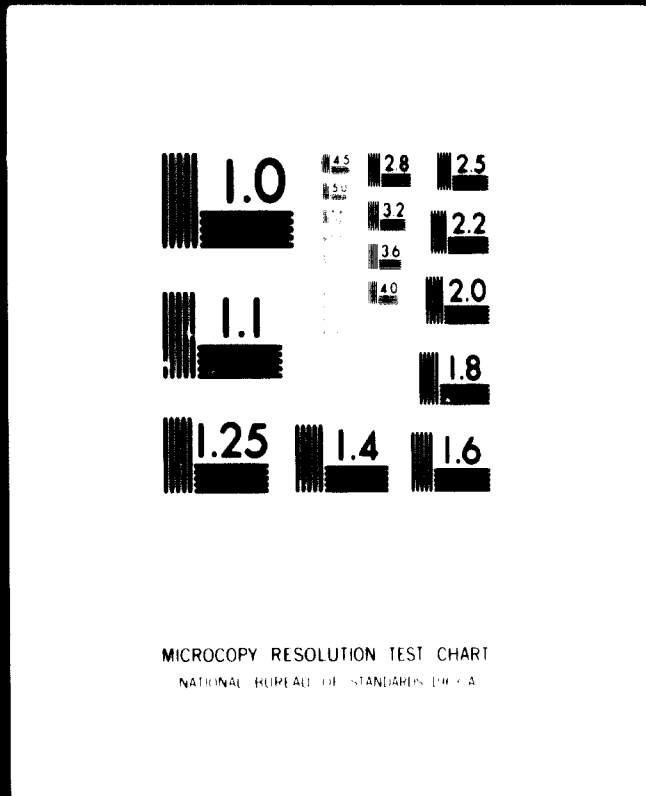
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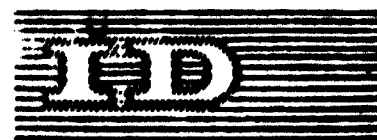
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Third Asian Meeting to Promote  
Industrial Projects

Kuala Lumpur, Malaysia, 14-21 November 1973

Project Information Sheet

SPECIAL WIRE DRAWING

COUNTRY

Pakistan

PROJECT

Manufacture of Wire Drawing

Capacity: 1,000 tons p.a.

Total Estimated Investment US\$700,000

FOREIGN CONTRIBUTION REQUIRED

Equity (to be negotiated)

Technical know-how

Sponsored by: The Economic Commission for Asia and the Far East (ECAFE) and  
the United Nations Industrial Development Organisation (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.

SPECIAL STEEL WIRE DRAWING

I. THE PROJECT

It is proposed to establish a plant in Lahore, Pakistan, for the manufacture of special steel wire drawing with a capacity of 1,000 tons per annum at an estimated cost of US\$700,000. The actual items to be manufactured will include wires for card clothing, ring travellers, healds, springs, musical instruments, hosiery needles and spinning pins. The wires will be drawn from high carbon steel wire rods to various thicknesses and later on specially coated and treated in long line furnaces for the specific requirements of each product.

II. COMMERCIAL ASPECTS

The total volume of 1,000 tons with an estimated sales value of US\$1,300,000 per annum will be sold in domestic markets. The demand is expected to increase constantly, particularly in view of the proposed expansion of the cotton and wool textile industries. It has been planned to increase the cotton spindlage to 4 million from the existing 2.5/3.0 million and woollen spindles to be almost doubled. Both these industries will require products which will be manufactured and supplied by the proposed plant. It is expected that production will reach full capacity within one year.

At present there is no local production. It is estimated that Pakistan imports about 700 tons per annum at an average price of US\$1.10 c.i.f. per kg. There is an advalorem duty of 20% plus 10% sales tax. The estimated sales price is US\$2.00 per kg in the local market. The items proposed to be manufactured can now be freely imported. However, the industry is expected to receive Government protection upon establishment.

III. PHYSICAL ASPECTS

(a) Land

Six acres of land will be available on a site about 14 miles from Lahore.

(b) Labour

- 1 Managing Director
- 3 Assistant General Managers
- 1 Mechanical and 1 Chemical Engineers
- 4 Assistant sEngineers
- 1 Sales Manager and 1 Chief Accountant

About 10 Clerks and typists

- 4 Foremen

About 30 skilled labourers

About 20 semi-skilled labourers

Unskilled labour to be determined according to the needs at a given time.

About 10 will be employed in other categories such as security and other jobs.

(c) Raw Materials

High carbon steel wire rods, zinc ingots, nickel chromium, chemical salts, etc. will be imported duty free.

(d) Infrastructure

Water, electricity, natural gas acetylene gas, quenching oils, etc., are available. There is a highway and the disposal of waste will pose no problems.

IV. ECONOMIC ASPECTS

This project is based on import substitution, thereby contributing to foreign exchange savings. It is also important in that it will create employment for Pakistanis. The project will also be of importance to other industries as a supplier of their raw materials.

V. FINANCIAL ASPECTS

(a) Investment

	<u>Local Currency US\$</u>	<u>Foreign Currency US\$</u>	<u>Total US\$</u>
<u>Fixed Assets</u>			
Land and Site Development	10,000	-	10,000
Buildings and Ancillaries	80,000	-	80,000
Machinery and equipment including delivery and installation	110,000	400,000	510,000
Other Investments	15,000	10,000	25,000
Preinvestment Costs (engineering, training, interest during construction, etc.)	10,000	-	10,000
Start up expenses	10,000	-	10,000
Contingencies	5,000	-	5,000
Working Capital	50,000	-	50,000
Total	<u>290,000</u>	<u>410,000</u>	<u>700,000</u>

(b) Proposed Financing

Subject to negotiation

(c) Profitability

	US\$	US\$
1. <u>Income from Sales</u>		
2. <u>Costs</u>		
Salaries, wages, administrative and sales costs	50,000	
Materials	500,000	
Utilities	40,000	
Factory Overheads	10,000	
Interest on Short Term Loans	10,000	
Contingencies	10,000	
Depreciation	<u>60,000</u>	
Total Cost		<u>790,000</u>
3. Gross Profit before tax		510,000
4. Profit Tax		<u>300,000</u>
5. Net Profit		<u>210,000</u>

VI. OTHER RELEVANT INFORMATION

(a) Project Proponent

The proponent is Messrs. I.A. Khan and Company, Gangaram Building, Shahrah-i-Quaid-i-Azam, Lahore, Pakistan. Telephone: Office 53108; Residence 52339 (after office hours). Cable Address: "Khanserve".

The proponent is the Managing Director of Pakistan Card Clothing Co. Ltd, which is a joint venture manufacturing card clothing, with the equity participation (23%) with Nippon Card Clothing Co. Ltd., Tokyo. The proponent is also at present importers of iron and steel products.

(b) Form of Business Organization

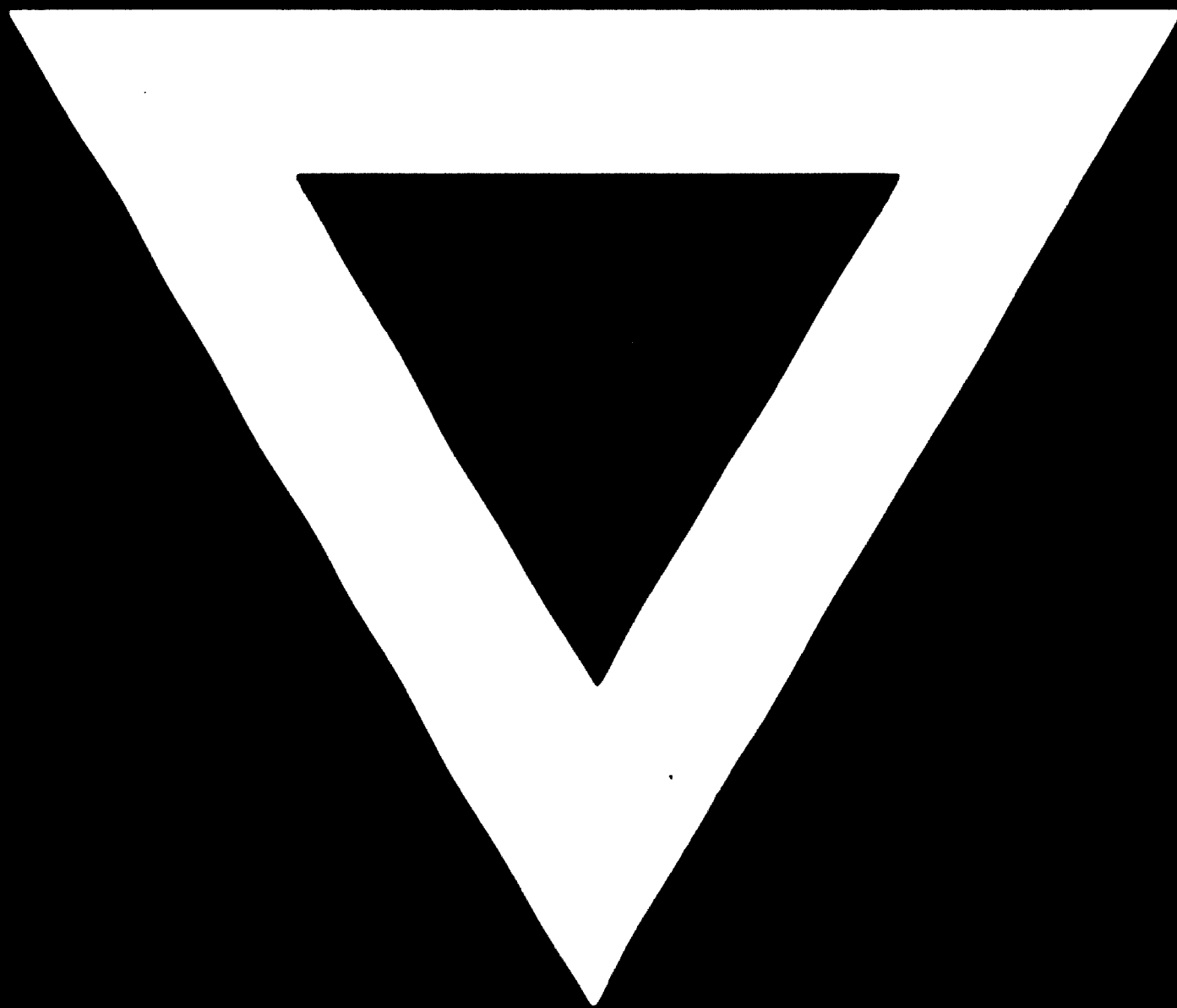
It is proposed to form a public limited company to operate the project. The name of the company will be "Pakistan Special Steel Wire Manufacturing Co. Ltd."

This project was approved by the Government in principle two years ago and was submitted to the Singapore meeting. It could, however, not be pursued because of the adverse conditions which followed in 1971-72.





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