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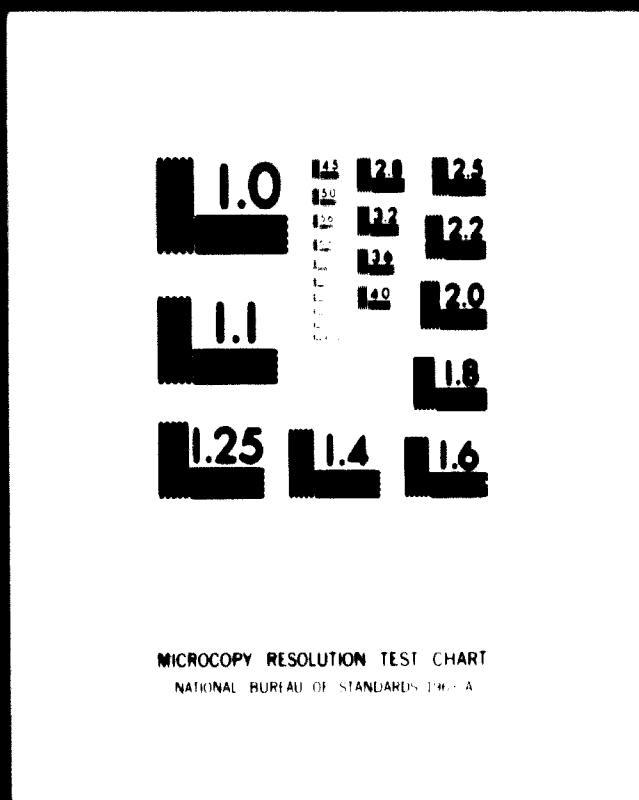
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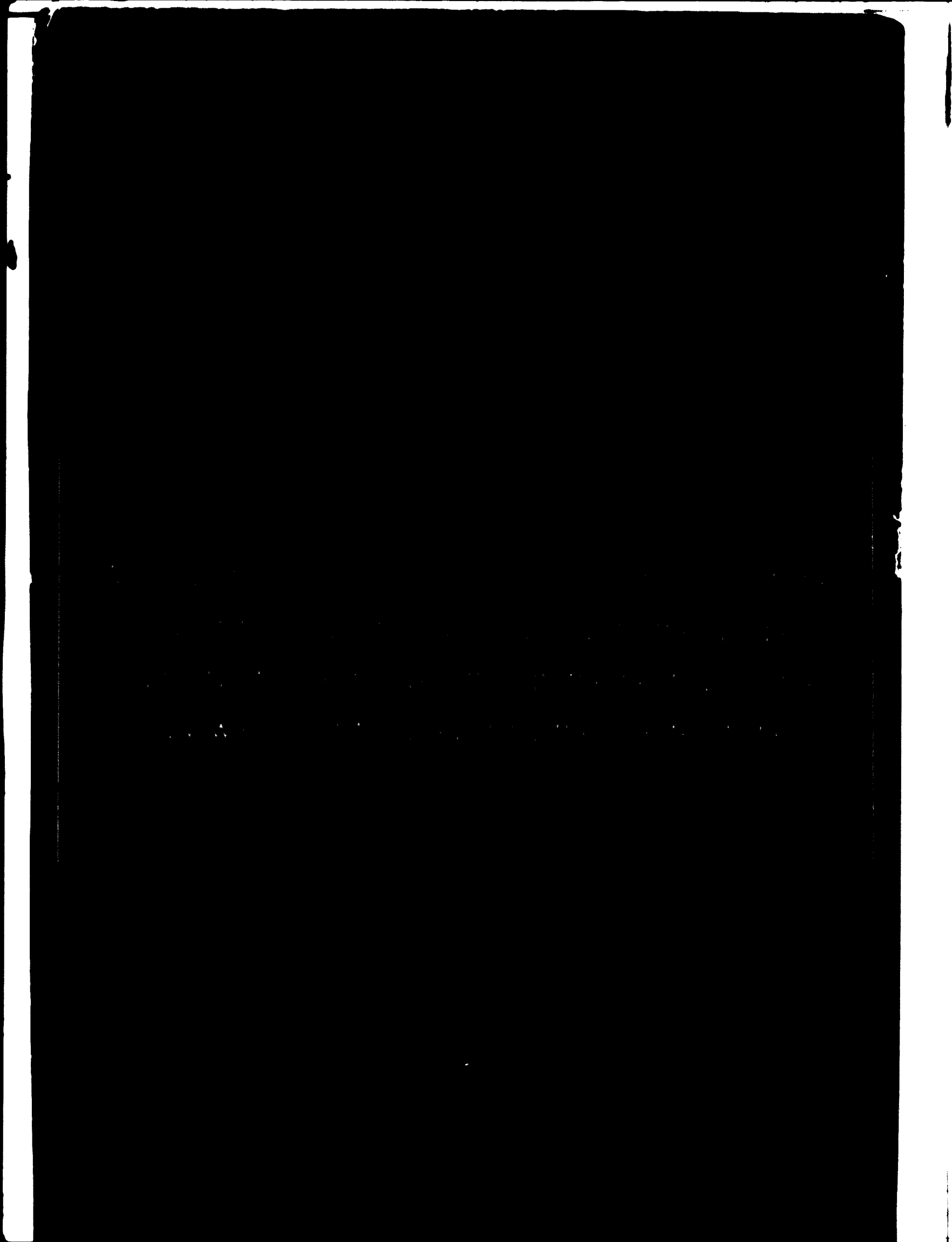
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Third Asian Meeting to Promote
Industrial Projects

Kuala-Lumpur, Malaysia, 14-21 November 1973

Project Information Sheet

STAINLESS STEEL COLD ROLLING MILL

COUNTRY

Iran

PROJECT

Establishment of a Stainless Steel
Cold Rolling Mill

Annual Capacity: 25,000 - 30,000 tons

Total Investment: US\$ 26,400,000
(excluding working
capital)

FOREIGN CONTRIBUTION REQUIRED

Equity Participation

Licensing

Technical Management

Export Marketing

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

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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.

STAINLESS STEEL COLD ROLLING MILL

I. THE PROJECT

A stainless steel cold rolling mill is planned with a production capacity of 25,000 to 30,000 tons per year, to produce stainless steel sheets and strips from stainless steel ingots of AISI 430, AISI 304 and AISI 316 specification.

The foreign partner is expected to provide the technical management, production, know-how, and a licensing arrangement is to be concluded.

Incentives: Government will grant a 5 year tax holiday, if the plant is located outside the Tehran area. Further import duty concessions, tariff protection, export incentives and various government assistance programmes are offered, details of which are stated in the Country Information Sheet on Iran.

Foreign Contribution sought:

- (i) A joint venture arrangement is planned for this project, based on a licensing agreement, in which the foreign partner will be expected to contribute:
- equity participation of 30% (\$ 3,000,000)
 - technical management and know-how of production, training of staff
 - export marketing

(ii) From the manufacturers of machinery and equipment a suppliers credit is sought, either for the full amount of \$ 12,700,000 or part thereof, the balance to be provided from local or foreign sources in form of medium or long term loans.

(iii) All additional information will be supplied by the Promotion Department, Industrial Credit Bank, Ateshkadeh Avenue, Tehran, Iran.

II. COMMERCIAL ASPECTS

The proposed project would be the first stainless steel cold rolling mill in Iran. A thorough marketing study will have to be prepared, to indicate the saleable quantities in Iran and in the neighbouring countries. The present consumption in Iran is approximately 20,000 tons per year, all imported. Up to 50% of the total production is expected to be sold by exporting.

III. PHYSICAL ASPECTS

(a) Location

So far the location of the proposed plant has not been decided upon and studies to select a suitable site are being carried out. Accordingly, no indication of availability of land and costs of land, the infrastructure and other details can be given at present.

(b) Raw Materials and Utilities

Prices of raw materials are subject to a further study.

	<u>US\$</u>
Power	0.02 per KWH
Water	0.03 per cu/meter
Fuel oil	0.02 per liter

IV. FINANCIAL ASPECTS

Estimated Total Investment

	<u>Local Currency US\$</u>	<u>Foreign Currency US\$</u>	<u>Total US\$</u>
<u>Fixed Assets</u>			
Land, site development	440,000	-	440,000
Buildings and ancillaries	2,660,000	-	2,660,000
Machinery and equipment, incl. delivery and erection	5,900,000	14,200,000	20,100,000
<u>Other Investments</u>			
Pre-investment costs (engineering, training, interest during construction etc.)	1,000,000	1,000,000	2,000,000
Start-up expenses	200,000	-	200,000
Contingencies	500,000	500,000	1,000,000
Working capital	<u>1,000,000</u>	<u>3,000,000</u>	<u>4,000,000</u>
Total:	<u>11,700,000</u>	<u>18,700,000</u>	<u>30,400,000</u>
<u>Financing Plan</u>			
Equity capital	7,000,000	3,000,000	10,000,000
Long-term loan Suppliers credit]	3,700,000	12,700,000	16,400,000
Other credits	<u>1,000,000</u>	<u>3,000,000</u>	<u>4,000,000</u>
Total:	<u>11,700,000</u>	<u>18,700,000</u>	<u>30,400,000</u>

V. OTHER RELEVANT INFORMATION

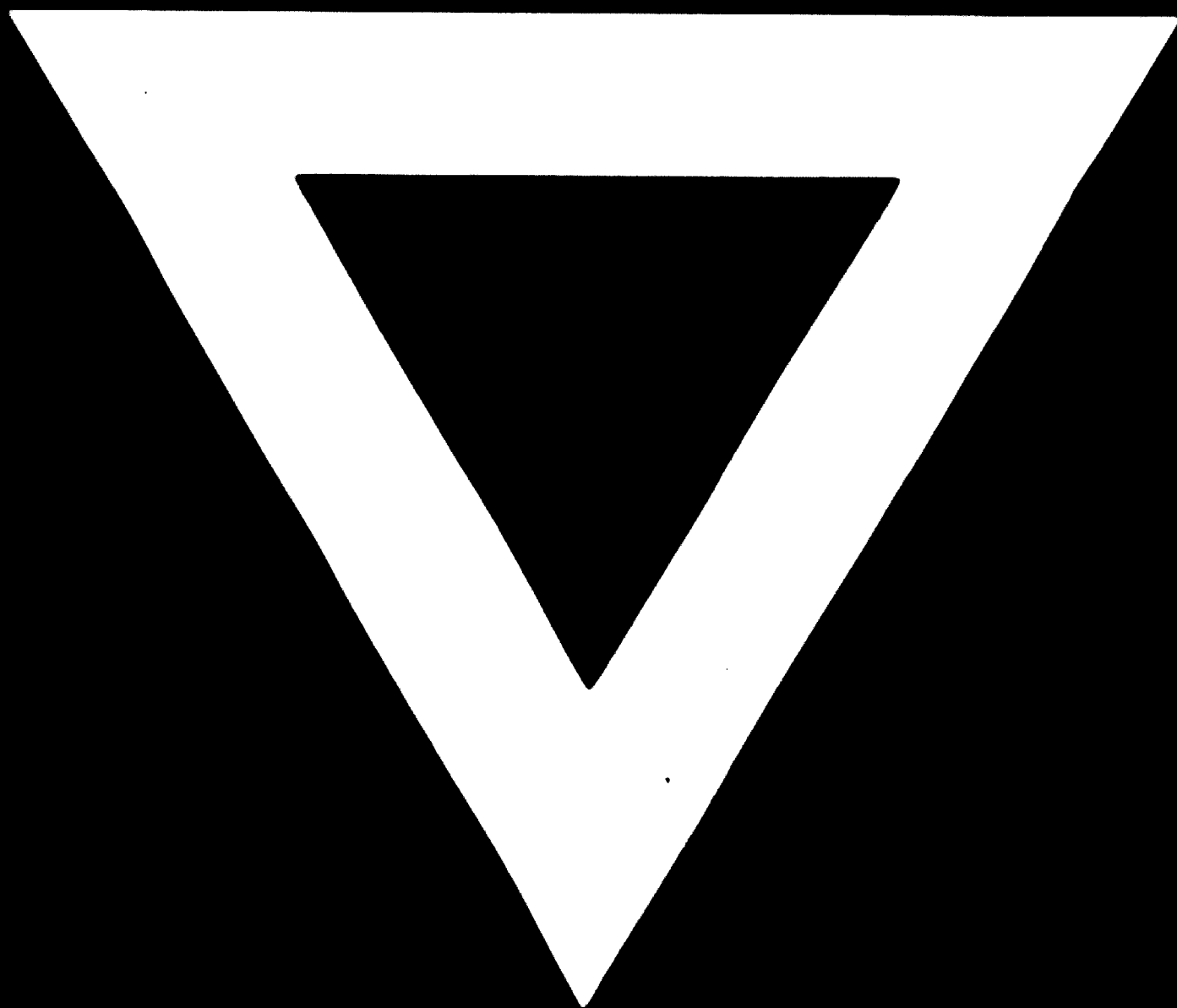
Information Concerning the Project Promoter

Name and address: Industrial Credit Bank, (Promotion Department)
Ateshkadeh Avenue, Tehran, Iran.

The Industrial Credit Bank is a Government Institution, granting medium and long-term loans to industry and is participating in equity. The paid-up capital of the bank amounts to US\$ 57 million. The Industrial Credit Bank intends to take up 30% of the equity in the above project and would also grant liberal loans. The balance of equity is to be provided by the private Iranian sector. Legal status of the new company: a public limited company, with shares traded on the stock exchange. Commercial management will be nominated later, when the project is nearer to implementation.



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