

Plan: producing sanitary products and medicine packing tubes and container

Introduction to product:

One of the main indices and effective factors in preserving the quality of medical products in pharmaceutical industry is to have suitable packing in term of the physical and chemical quality and medication grids in line with the packs which increases the durability and effective material in products and as a consequence, the effectiveness on the target community would be improved. Also, negative influences due to heat, coldness, environmental stresses, undesirable transportation as well as oxygen penetration and other harmful effects would be minimized in high-quality packing. The main goal of this plan is to establish a unit for producing different types of the tubes and containers for packing medication and sanitary products in line with creating value added, replacing the importation, employment as well as economic development in Lorestan Province. The ISIC code of this product is as follow:

#	Code	Description
1	25201396	Toothpaste tube
2	25201390	Polyethylene bottles and containers
3	25201392	Medication bottle
4	24232180	Medication packing
5	24241263	Jelly cleaners packing

The products in this pan are from the polyethylene products manufacturing group (25) and rubber and polyethylene products subgroup (2520). Based on classifications in accordance with import and export regulations of the ministry of industries, mines and commerce, the products tariff code are as follow:

Products custom tariff code

Import fee	code	description	No
20%	39239090	Objects for transporting or packing polyethylene products such as bottle plug, plugs, cap and other polyethylene plugs.	1
20%	39233000	Polyethylene carboy, bottle and so forth	2
20%	39239010	Polyethylene tube containers for creams of	3
20%	39235000	Bottle plug, cap, and other polyethylene plugs	4

Import fee	code	description	No
10%	39269030	Other polyethylene artifacts and artifacts of the materials included in 3901-2914 for medical purposes	5

Basic custom fees, tax, the product order fees, different toll and other fees are received from the products importation equivalent to 4% of custom fees. The sum of these received fees and the commercial revenue determined by the regulations of board of ministers is called importation fees. The importation fees for tubes and packing containers of the medicine and sanitary products are as follow.

Basic custom fees

39269030	39235000	39239010	39233000	39239090	Code
4%	4%	4%	4%	4%	Basic fees
16%	16%	16%	16%	16%	Commercial revenue
10%	20%	20%	20%	20%	Importation fees

Introducing the product's application:

Petrochemical products are widely used in sanitary applications (drinking, eating, medication and cosmetic). There are some applications mentioned in the following table.

Petrochemical products applications in sanitary fields

Applications	Raw materials
Glass, sweet and chocolate container, sanitary tools, yogurt container, cup, hamburger and pizza container and EPS icebox	Polystyrene
Nylon, Nylex, stretch (hardcover for fruit and food protection), meat packing, yogurt container, water tank, medication and IV container, water supply pipes, bottle plug	Polyethylene
Water supply pipes, food packing	Polypropylene
Water and drinks bottle, food preserving packs	PET
Water pipe, blood pack	PVC

As it is seen, polymer products resulted from petrochemical operations on petroleum deal with human health in different applications and are used in such a manner our life is associated with polymer products.

Plan suggested sites

Based on the advantages of the establishment in industrial parks and zones, the Lorestan province industrial parks, due to availability of the infrastructures are suggested for implementing the plan.

Raw, auxiliary materials and consumables

Raw materials include heavy and light polyethylene. Based on the grids in west polyethylene pipeline, the heavy polyethylene grid 4760, heavy injected polyethylene grid 7260 of BASEL Co. and injected light polyethylene are suitable for this plan. Based on information gathered from the main technical knowledge on the west polyethylene pipelines complex, these grids are suitable for producing different types of the tubes and packing for medication and sanitary products and heavy polyethylene are produced in Kurdistan and Andimeshk petrochemical complexes. Raw materials required for this unit are as follow.

#	Raw, auxiliary materials and packing	Measurement Unit	Amount/year	Unit Price	Annual Cost mRial
1	Wind polyethylene code 4750	1000kg	420	39,000,000	16,380
2	HDPE injection 7260	1000kg	200	38,000,000	7,600
3	Polyethylene code 1922T	1000kg	150	36,000,000	5,400
4	Absorbers, gas and ...	1000kg	10	29,000,000	290
5	Foil	1000kg	20	150,000,000	3,000
Total			800	-	32,670

Sales plan and target market

The products price as the factory price for sale is as follow. Based on the lack of sufficient supply and demand level, the target market will be local industries.

#	Description	practical capacity	nominal capacity	unit price(rial)	Annual Sale(mRial)
1	Bottles, doors and pharmaceutical containers	500	450	80,000,000	40,000
2	Tube of pharmaceuticals, cosmetics	250	225	180,000,000	45,000
3	Drug pumps, Cosmetics	50	45	110,000,000	5,500
Total		800	720	-	90,500

Annual nominal and practical capacity

Based on investigation and considering that a part of the Iran requirements are met by importing products, the products production aiming to cover local demands, future market growth and export development is proposed. In this plan, the unit's nominal capacity is 800 t annually. Considering unpredicted and unexpected factors of process stop as well as maintaining and repairing processes, the plan practical capacity for this unit is 90% of the nominal one equivalent to 720t.

Manufacturing procedure and technology

Based on the fact that there are different processes applied to producing these products, in what follows, each process is addressed:

Medication containers production: producing the cans is by blowing procedure; but different processes are in blow molding such as:

- Extrusion Blow molding
- Injection Blow molding
- Stretch Blow Molding

Polyethylene tubes production: in producing the tubes, at first polyethylene tubes are produced and their plugs are formed in other machineries. Then the tubes are printed or labeled. Finally, their end is namely sewed and the tubes plugs are injected by devices.

Investment costs:

The fixed investment costs include 45 billion Rials and the working capital is 7.58 billion Rials.

Description	Total Cost(m.Rial)	%
Land purchase	3,150	6%
Site preparation and development	834	2%
Civil works, structures and buildings	25,724	49%
Machinery and equipment	8,433	16%
Branches And Installation	2,159	4%
laboratory equipment	250	0%
Vehicles	800	2%
Service equipment	87.00	0%
official equipment	387	1%
Other and unpredicted costs	2,091	4%
Total FIXED ASSETS	43,915.09	83%
pre-production expenditures	1,181.57	2%
TOTAL FIXED INVESTMENT COSTS	45,096.66	86%
Working capital in 100% of capacity	7,579.97	14%
Other assets	0	0%
TOTAL INVESTMENT COSTS	52,676.63	100%

Production costs:

Annual costs of the manufacturing process include 53.4 billion Rials estimated.

#	Description	Total Cost(m.Rial)
1	Raw and packing material	32,670
2	Personnel's salary	9,692
3	Energy	2,352
4	Building and livestock insurance	78
5	Repair, maintenance and spare parts	1,317
6	Marketing and Advertising	1,810
7	Unpredicted	2,396
8	Depreciation	3,095
Total operational and non-operational production costs		53,410

Economic indices

Description	Amount-measurement scale
<i>NPV</i>	<i>49049 m Rial</i>
<i>IRR</i>	<i>37.58%</i>
<i>PBP</i>	<i>2.61 years</i>

PROJECT PROFILE – SUMMARY SHEET

Project Introduction

1. Project title: **producing sanitary products and medicine packing tubes and container**

2. Sector: polyethylene products manufacturing
Sub sector: rubber and polyethylene products

3. Products/Services: **sanitary products and medicine packing tubes and container**

4. Location: ... Free zone Economic special zone Industrial Estate Main Land

5. Project description:

One of the main indices and effective factors in preserving the quality of medical products in pharmaceutical industry is to have suitable packing in term of the physical and chemical quality and medication grids in line with the packs which increases the durability and effective material in products and as a consequence, the effectiveness on the target community would be improved. Also, negative influences due to heat, coldness, environmental stresses, undesirable transportation as well as oxygen penetration and other harmful effects would be minimized in high-quality packing. The main goal of this plan is to establish a unit for producing different types of the tubes and containers for packing medication and sanitary products in line with creating value added, replacing the importation, employment as well as economic development in Lorestan Province.

6. Annual capacity: 800 t/year

Project Status

7. Local / internal raw material access 100 %

8. Sale: 100% locally

- Anticipated export market 0 %

9. Construction Period 24 month

Beginning of activity

In-site beginning of activity:

End of project:

Commercial activity beginning:

Project Status

10. Project Status:

- Feasibility study available? Yes No
- Required land provided? Yes No
- Legal permissions (establishment license, foreign currency quota, environment, etc) taken? Yes No
- Partnership agreement concluded with local/foreign investor? Yes No
- Financing agreement concluded? Yes No
- Agreement with local / foreign contractor(s) concluded? Yes No
- Infrastructural utilities (electricity, water supply, telecommunication, fuel, road, etc) procured? Yes No
- List of know-how, machinery, equipment, as well as seller / builder companies defined? Yes No
- Purchase agreement for machinery, equipments and know- how concluded? Yes No

Financial Structure

11. Financial Table

Description	Local Currency Required			Foreign Currency Required Million Dollar	Total Million Dollar
	Million Rials	Rate	Equivalent in Million Dollar		
Fix Capital	38245.66	31000	1.23	0.221	1.45
Working Capital	7579.97	R for each Dollar	0.24	0	0.24
Total Investment	45825.63		1.48	0.221	0.70

- Value of foreign equipment/machinery 0.221 million dollar
- Value of local equipment/machinery 0.051 million dollar
- Value of foreign technical know- how million dollar
- Value of local technical knows- how million dollar
- Net Present Value (NPV): 49049 Million Rial for 10 Year, discount rate: 20%
- Internal Rate of Return (IRR) 37.58%
- Payback Period (PP) 38.3%

General Information

12. Project Type : Establishment Expansion and completion

13. Company Profile:

-Name (legal /natural persons):

-Company Name:

-Address:

-Tel:

Fax:

-E-mail:

Web site:

-Local entrepreneur : private sector public sector other

Please attach follow documents if available

- Pre-feasibility study
- Feasibility study
- Legal permissions (establishment license, foreign currency quota, environment, etc)

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