

Manufacturing of gas safety valve

Project Introduction

1. Project title: **Manufacturing of gas safety valve**

2. Sector :Construction group of machinery and non-categorized equipment in somewhere else (29)
construction of bombs, compressors, valves and taps (2912)

3. Products/Services:

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

5. Project description:

The main goal of establishment this factory is manufacture of gas safety valve sensitive to earthquake in order to meet the local consumption that in first phase the main goal is getting regional market in Lorestan province and future perspective of this plan is supplying the consumption need of adjacent provinces.

6. Annual capacity: 22000 valves.

Project Status

7. Local / internal raw material access inside of country or province: 100% of materials are supplied in the country .

8. Sale:

Anticipated internal market: 100%

Anticipated export market: ...%

9. Construction Period (from beginning of activity to commercial activity): 24 months

Schedule

Beginning of activity:

In-site beginning of activity:

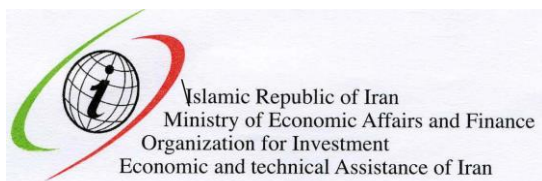
End of project:

Commercial activity beginning:

10. Project Status:

- Feasibility study available? Yes No
- Required land provided? Yes No
- Legal permissions (establishment license, 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, equipment and technology concluded? Yes No

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Financial Structure

11. Finance

Description	Required Local Currency			Required Foreign Currency (Thousand Dollar)	Total in Thousand Dollar
	Million Rials	Rate	Equivalent in Thousand Dollar		
Fix Capital	42,250	87000 Rials for each Dollar	486	2,129	2,615
Working Capital	7,839		90	0	90
Total Investment	50,089		576	2,129	2,705

- Value of local equipment/machinery: thousand dollars
- Value of foreign equipment/machinery: **2028** thousand dollars
- Value of foreign technology: thousand dollars
- Value of local technology: Million dollars
- Net Present Value (NPV): **173491** Million Rials for 10 Years, discount rate: 20%
- Internal Rate of Return (IRR): **34,66%**
- Payback Period (PP): **33.33%**

General Information

12. Project Type: Establishment Expansion and completion

13. Company Profile:

- Name (legal /natural persons):
- Current activity of company:
- Address:

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-Tel: Fax:
-E-mail: Web site:
-Legal structure of company: 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)

Plan name: Manufacturing gas safety valve

Product introduction

The aim of carrying out this plan is establishment of production factory of safety valve Lorestan province.

Product ISIC Code is 2912512345 of construction group of machinery and non-categorized equipment in somewhere else (29) and subgroups of construction of bombs, compressors, taps , valves (2912), a variety of valves, compressors, nozzles and cylinders (2912312336), a variety of industrial valves with manual mechanism (2912412337).

Safety valve or compressor under subchapter of tariff 8481 of Iran's customs with the title of a variety of valves and similar tools for pipe, hot water or steam boiler, source, barrel or similar to it, also valves increasing pressure and controlling valves by thermostat is imported and exported with sub tariff.

Its entry requirements are having permission of Ministry of commerce and Ministry of Industry, Mine and Trade, paying 15percent of entrance fees (tariff) in 2018 (customs 4% and business profit 11%).

Introduction of product applications

Explosion and fires arising from gas leak after earthquake, werenot just in Iran and other countries all over the world namely United States, Japan, Taiwan etc were faced to this decision making. One of the most efficient and cheapest solution that in advanced countries in new regulations , using natural gas was compulsory , is using interruptive gas valves in earthquake. These kinds of valves after regulator and gasometer is instaled on gas pillar and delivered to subscriber.

Proposed places for plan

According to benefits of establishment in industrial estates and areas, industrial estates of Lorestan province are suggested for conducting the project.

Raw ,auxiliary and packing materials

Required raw materials of production factory of safety valves are as follows.

Raw ,auxiliary and packing materials

No	Raw , auxiliary and packing materials	Unit	Consumption rate per year	Spoilage	Sum of raw and consuming materials	Unit price (Rial)	Annual cost (m/r)
1	casting parts	number	18,000	0	18,000	1,150,000	20,700
2	screw, hub	number	108,000	0	108,000	400,000	43,200
3	steel	kilogram	2,180	0	2,180	23,000	50
4	packing carton	kilogram	186	0	186	66,000	12
5	other annual consumable items	----	----	0	-	-	25,585
Total		-	-	-	-	1,639,000	25,585

Sales plan

Sales price just outside of the factory is as follows. Regarding local needs and little share of production of factory from total production of the country, it is supposed that manufactured goods are marketable in the country

Sales plan

Description	First year	Second year	Third year	Forth year	Fifth year
Production percent	60%	70%	80%	90%	90%
Total sales /m.r	155,484	181,398	207,312	233,226	233,226
Total capacity /number	13,200	15,400	17,600	19,800	19,800

Annual nominal and practical capacities

Annual production capacity of this unit, based on 300 working days, is planned 22000 valves in a year. In terms of number of working shifts, it is necessary to explain that in regard to production unit of iron profile, one shift is required for machinery.

Practical capacity of this plan, regarding the unpredicted factors of stop working and also repair and maintenance, is considered 198800 valves with 90% efficiency of nominal capacity.

Production method and desired technology

First steel and casting pieces are cut with suitable length and then it is turn of forming these products. After forming is cleaning and pleating of the pieces, then it can be shiny with graveling

sand . To produce each of these pieces, final lathing is required that each of these required pieces in gas valves are provided and produced by advanced lathing machines.

The plan investment costs

The fixed plan investment costs is estimated to be 227, 470,07 million Rials and the working capital is estimated to be 7,838,82million Rials.

The plan investment costs

Description	Required				Total (million rials)	percent age
	currency (euro)	rial equivalent	rial (m.r)	required total		
Land	0	0	2,100	2,100	2,100	1%
Landscaping	0	0	733	733	733	0%
Building	0	0	22,010	22,010	22,010	9%
Machinery and equipment	1,800,000	176,400	0	176,400	176,400	75%
Installations	0	0	2,848	2,848	2,848	1%
Laboratory equipment and supplies	0	0	4,000	4,000	4,000	2%
Vehicles	0	0	4,500	4,500	4,500	2%
Workshop equipment	0	0	91	91	91	0%
Service and administrative equipment	0	0	607	607	607	0%
Unexpected and miscellaneous	0	8,820	1,846	10,666	10,666	5%
Total fixed assets	0	185,220	38,775,47	223,995,47	223,995,47	95%
Pre-exploitation costs	0	0	3,474,60	3,474,60	3,474,60	1%
Total fixed investment costs	0	185,220	42,250,07	227,470,07	227,470,07	97%
Working capital	0	0	7,838,82	7,838,82	7,838,82	3%
Other assets	0	0	0	0	0	0%
Total plan investment costs	0	185,220	50,088,88	235,308,88	235,308,88	100%

The plan production costs

The annual production costs are estimated to be 137426,96 million Rials.

Production costs

No	Description	Cost (million rials)	cost in practical capacity (million rials)
1	Raw, auxiliary and packing materials	89,547	80,593
2	Production salary and wage	7,085	6,872
3	Water, electricity, fuel and communication	320	294
4	Insurance	433	433
5	Repair and maintenance	9,166	8,433
6	Marketing and ads	5,183	4,768
7	Production unpredicted and miscellaneous	5,328	4,901
8	Depreciation	20,365	20,365
Total		137426,96	126659,96

Economic indices

Economic indices

Description	Value-measurement scale
NPV (net present value)	173491million rials
IRR(internal rate of return)	34,66%
PBP (period of return of capital)	3years

Ministry of Economic Affairs and Finance
Organization for Investment Economic and Technical Assistance of Iran
(OIETAI)

Foreign Investment Center of Lorestan Province

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