

Islamic Republic of Iran  
Organization for investment economic and technical assistance of Iran

## **"Summary of technical-economical prefeasible study"**

The name:  
**Medicinal plants packaging and processing complex**

Sector: Production

subsector: Industry

ISIC code: 0111412373

The owner of:  
Iran's Ministry of Economic Affairs and Finance News Center

Counselor plan:  
Razi University

The address:  
Kermanshah province. Kermanshah city. Zagros Industrial Estate Phase 3

Date of P.F.S:

**Manager of Iran Investment Opportunities  
SHAHRIG Engineering Company**

[shahrig.comwww](http://shahrig.comwww).



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## 1- Abstract:

### PROJECT PROFILE - SUMMARY SHEET

<b>Project Introduction</b>			
<b>1- Project title:</b> Medicinal plants packaging and processing complex			
<b>2- Sector :</b> Production		<b>Sub sector:</b> Industry	
<b>3- Products / Services:</b> Packaging and processing of medicinal plants			
<b>4- location (address):</b> <b>Free Zone</b> <input type="checkbox"/> <b>Economic Special Zone</b> <input type="checkbox"/> <b>Industrial Estate</b> <input checked="" type="checkbox"/> <b>Main Land</b> <input type="checkbox"/>			
<b>5- Project description:</b> <p>The implementation of the project is planned by acquiring a land with an area of 10,000 m<sup>2</sup> and carrying out construction in the substructure of 6,000 m<sup>2</sup>. For this project, 746,145,000,010 Rials will be invested as constant capital in various items, and 44,768,700,001 Rials will be spent for obtaining permits, preparing plans, trial launch, etc., considering this figure, the total investment in This plan reaches 790,913,700,011 Rials. On the other hand, in the first year of operation of the project, the amount of 580,942,892,902 Rials of circulation capital is needed, which is 859,070,291,062 Rials and 1,189,698,345,293 Rials for the second and third years, respectively.</p> <p>Based on the calculations, the internal rate of return (IRR) of this plan is 68.97%, compared to the investor's expected rate of return (34%); This project is in a favorable condition; Therefore, from the point of view of this financial index, investment in this project is suggested. Also, the project will have a return on investment in 3years and 6 months and will break even with 55.84% of the nominal capacity.</p>			

<b>Project Status</b>	
<b>6- Local / internal raw material access :</b> Local	
<b>7- Sale:</b> - Anticipated local market :40% - Anticipated export market :60%	
<b>8 – Project total time (from start of activities to start of commercial operation in years) :</b> 2 years	
<b>Schedule</b>	<b>Start of activities:</b> 2023 <b>Start of works at site:</b> 2024 <b>End of Works:</b> 2024 <b>Start of commercial operation :</b> 2027
<b>9- Project status:</b> - Feasibility study available? Yes - Required land provided? Yes - Legal permissions (establishment license, foreign currency quota, environment, etc) taken? Yes - Partnership agreement concluding with local /foreign investor? No - Financing agreement concluding? No - Agreement with local /foreign contractor(s) concluding? No - Infrastructural utilities (electricity water supply, telecommunication, fuel, road, etc) procured? Yes - List of know- how, machinery, equipment, as well as seller /builder companies defined? No - Purchases agreement machinery, equipment and know-how concluded? No	

## Financial Table

### 10- Financial structure:

Descriptions	Local Currency Required			Foreign Currency Required Euro	Total Euro
	Rials	Rate	Equivalent in Euro		
<b>Fix Capital</b>	746,145,000,010	541,668	15,386,336	0	15,386,336
<b>Current Capital</b>	580,942,892,902	541,668	11,979,686	0	11,979,686
<b>Total Investment</b>	790,913,700,011	541,668	16,309,517	0	16,309,517

- Value of foreign equipment / machinery: 0 Euro
- Value of local equipment / machinery: 1,525,962 Euro
- Value of foreign technical know-how: 0 Euro
- Value of local technical know-how: 0 Euro
- Net present value (NPV): 38,371,464 Euro
- Internal Rate of Return (IRR): 68.97 %
- Capital Rate of Return: 34 %
- Payback Period: 3 years and 6 months

## General Information

11 - Project type : Establishment ☒ Expansion and completion ☐

### 12- Company Profile

- Name (Legal/Natural persons): -
- Company's current activities: -
- Address: Kermanshah province. Kermanshah city. Zagros Industrial Estate Phase 3
- Tel: +989183377466 Fax: -
- E-mail: masoomehamerian@yahoo.com Web Site: -
- Company's legal structure:

Government ☐ Non-Governmental ☒ Public non-governmental ☐

## 2- Project's location:

### 2-1- Province:

Kermanshah province, with an area of 24,640 Km<sup>2</sup>, is the 17th largest province in Iran. Kermanshah province, which covers 1.5% of the country's area, is one of the western provinces that share a border with Iraq. This province is bordered by Kurdistan province from the north, Lorestan and Ilam provinces from the south, Hamadan province from the east, and Diyala and Halabja provinces from the west in Iraq. Kermanshah city is the capital of Kermanshah province. According to the latest changes in 1390, Kermanshah province consists of 14 counties, 35 cities, 31 districts and 84 villages.

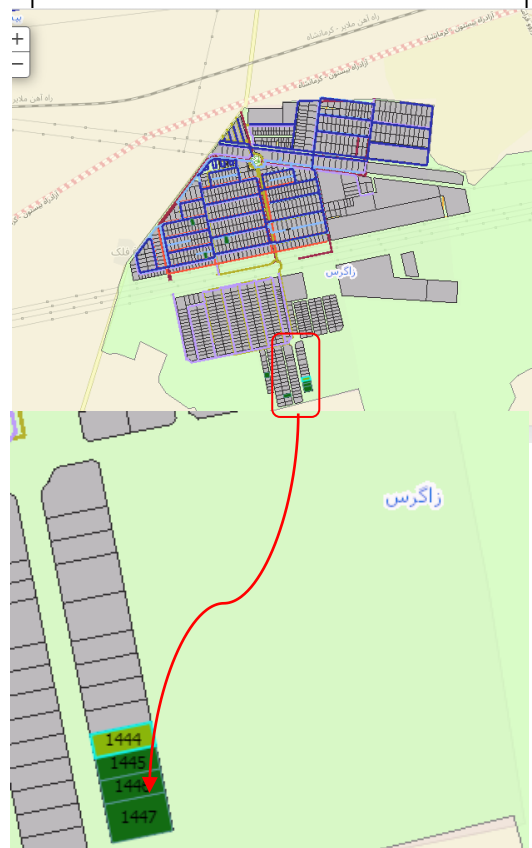
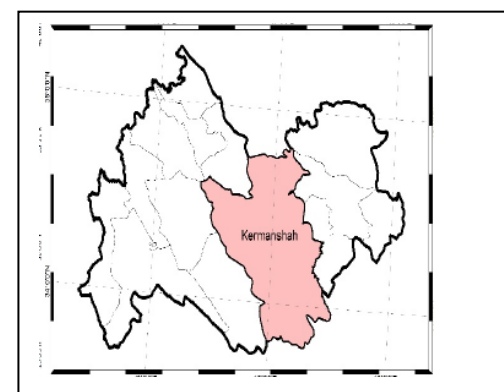
### 2-2- the County:

Kermanshah city is one of the cities of Kermanshah province of Iran. The center of this city is Kermanshah city, which is also the capital of Kermanshah province. The population of this city in 2015 was equal to 1,083,833 people. Kermanshah city from the north with Kurdistan province and Ravansar city; It is adjacent to Dalaho city and Islamabad city in the west, Ilam province in the south, Sahne city and Harsin city in the east, Sangar and Keliai city in the northeast.

### 2-3- the project:

The location of this project is in Zagros Industrial Estate Phase 3.

Zagros Industrial Estate located in Kermanshah province has latitude 34.3185730 and longitude 47.2686424. Currently, there are water, electricity and gas infrastructures in Zagros Industrial Estate. In terms of access to transportation, this town is located in a relatively convenient location. Zagros Industrial Estate is the largest Industrial Estate in the west of the country and this town has an area of more than a thousand hectares.



## 2-4-access to the infrastructures:

No.	Needed infrastructures	distance to the project	The supply infrastructures
1	water	0	Industrial Estate
2	electricity	0	Industrial Estate
3	gas	0	Industrial Estate
4	Telecommunications	0	Industrial Estate
5	High way	3.4 Km	Biston Highway
6	Sub way	0	Industrial Estate
7	airport	15.5	Kermanshah Airport
8	port	-	-
9	Rail way	16.8 Km	Railway station Kermanshah

## 3- Technical Specifications of plan:

### 3-1 –product:

Medicinal plants are vital sources of traditional medicine all over the world. According to the report of the World Health Organization, most people in the world use herbal plants for primary treatment. A plant that is used directly or indirectly, all or parts of it in fresh or dried form, or the effective substances extracted from it for health, prevention and treatment effects in the human body, animals and other plants, is called a medicinal plant. The special characteristics of the production of medicinal plants can be mentioned as follows: the presence of great diversity in medicinal plants and species, the great importance of their effective substances, the tremendous effect of agro-ecological conditions on their effective substances, relatively low trade, unstable prices and global competition in trade. Bahraini Nejad et al., 1403). Medicinal plants can play an effective role in the health and economy of the people of the country, according to the researches of scientific institutions, more than 2 thousand and 100 medicinal plants have been identified out of the total of 8 thousand known plant species in the country and they have medicinal properties that are mostly It is cultivated in parts of Iran and can be used in the pharmaceutical, perfumery, cosmetic-sanitary, food supplement, dye, flavoring, pesticide, spices and other industries (Hosseini et al., 1402).



In Iran, with special geographical conditions and old history, there are diverse and valuable plant genetic resources. Using the experimental and traditional knowledge of past generations is also an effective way to identify and introduce medicinal plants (Erfanzadeh et al., 1403).

The basic goals of agricultural development are to significantly increase agricultural production, create sufficient income for low-income people, gain economic independence, prevent excessive migration of villagers, reduce income differences between cities and villages, meet the food needs of the population, and export surplus products abroad. Reviving forests and pastures, improving health, education and housing in the village and creating employment for the growing population.

Kermanshah province is one of the most suitable regions of the country in the field of various agricultural activities, which is divided into two sub-tropical climates in terms of climate, with scattered plains in the west and cold climates, including the mountainous region and vast and fertile plains in the north, east and south. The agricultural sector of the province has special features related to providing the food needs of the society, so defining its position in the region and the country will play a significant role in providing a clearer picture of that sector in the national and regional economy.

The Medicinal Plants Development Headquarters has introduced 24 types of medicinal plants that have a suitable domestic or export market, as follows, as priority planting medicinal plants: Damask rose, Field pumpkin, Thymus, Chamomile, Savory, Mint, Caraway, Coriander, Tarragon, *Hypericum perforatum*, Valerian, Saffron, Hibiscus tea (Nemati Pikani et al., 2011).

### **3-2-project's requirements:**

#### **3-2-1-Space and infrastructure required:**

For the processing and packaging of medicinal plants, land in Zagros Industrial Estate, Phase 3, Kermanshah, with an area of 10,000 m<sup>2</sup>, and construction infrastructure (sole and other buildings) of production amounting to 6,000 m<sup>2</sup> are needed.

#### **3-2-2-Equipment and machinery:**

Medicinal plant equipment and machinery should be marketed in appropriate packaging according to how they are used. In the present plan, in order to diversify the product portfolio, various types of medicinal plant packaging have been considered. The amount of processing and packaging of dried and processed medicinal plants is considered equal to 3000 tons.

#### **3-2-3- Raw materials and intermediate components:**

It is predicted based on the desired type of packaging and machinery packaging processes. Raw materials include all kinds of medicinal plants and packaging materials. There are different types of medicinal plants in the country. But some special species that have better marketability and are also used in Kermanshah

province have been selected in bulk. These types mainly include mint, lemon, shallot and spices.

**3-2-4-management and human resources:**

<b>No.</b>	<b>Skill level</b>	<b>number</b>	<b>Salaries (wages) (Rials)</b>
1	expert	11	400,000,000
2	skilled	14	258,000,000
3	non-skilled	25	165,000,000

- Number of skilled personnel required: 14
- number of non- skilled personnel required: 25
- number of expert personnel required: 11



#### **4- Ownership and legal permission:**

##### **4-1- ownership of land:**

The right place to implement Zagros Industrial Estate Phase 3 project is Kermanshah. The right to exploit the land in Zagros Industrial Estate Phase 3 is equal to 12,000,000 Rials and the related costs are considered in the plan. Land ownership is subject to legal terms and conditions and will be available to investors after exploitation.

##### **4-2- Intellectual property and incentives:**

In order to process and package medicinal plants, there is no need to use high knowledge and medicinal plants are currently packaged in the country. Therefore, the technical knowledge and even the machines in question exist in the country. Of course, the production must be in accordance with the domestic standard 4389, 598, 6412, 11694, 19625. It is also suggested; Processing and packaging of medicinal plants under the brand registered in the Trademarks, Inventions and Industrial Property Registration Department and branding and advertising activities should be considered.

##### **4-3-legal permission:**

In order to produce this product, we need legal permits such as (establishment permit and operating permit) from the Kermanshah Province Industry and Mining Organization, and environmental permit, health permit, and construction permit. It is worth mentioning; The production of this product in Kermanshah Industrial Estate will not cause any problem for the environment and obtaining environmental permits is possible.

#### **5- Market study and Competition:**

##### **5-1- Introduce target market:**

The increase of medicinal plants and the range of activities connected with it is not only important in terms of providing raw materials for various industries, for providing the health of the country's ever-increasing population and creating employment and foreign currency, but also in terms of social economic development in income distribution and Paying attention to less developed areas has an important role. Unlike the industry and service sectors, which are largely centralized and have limited location dependence, the activities of the medicinal plants sector have a lot of location dependence due to their reliance on water, soil and climate resources. The presence of native species of important medicinal plants in the world, suitable agricultural land, cheap and abundant labor, low production cost are the relative advantages that make our country special. The land of Iran is a privileged and highly ranked country in terms of plant diversity and has 11 climates out of 13 known world climates. According to researchers, the number of plant species in Iran is 8425 species, of which 2400 species have research articles in the field of medicine, perfumery, spices, and cosmetics, and of these, 1728 species have been introduced as native plants

of Iran, and about 40 thousand hectares of cultivated area of plants It is medicinal.

The annual per capita consumption of medicinal plants in Iran is 30 grams, but in recent years, public acceptance of these medicinal and edible items has increased. It is 900 grams per capita in Europe and 2500 grams in the United States. The growth of global demand for medicinal, health and... products based on herbal products has caused the technology and downstream industries related to herbal medicines and medicinal plants to grow significantly.

Here are about 50 different types of medicinal plants that can be exported in the country. According to the statistics of the World Food Organization website, fennel, anise and coriander are the four main export items of Iranian medicinal plants. Also, herbal gums and licorice extract are among the most important items that these two European countries (Italy and Germany) are interested in buying from Iran. Undoubtedly, the export of medicinal plants, in addition to the good foreign exchange that it brings, is the cause of the prosperity of this business in the country.

Today, with the increasing consumption of medicinal plant products and the desire to use herbal medicines in global societies and developed countries, and on the other hand, the widespread use of this product in the pharmaceutical industry, as well as in the food, cosmetic and health industries, considering the capabilities that There is an opportunity for the country to try to grow the production and export of medicinal plants. According to the forecast of FAO (World Food and Agriculture Organization), the volume of trade in medicinal plants will increase 100 times by 2050 and reach 5 thousand billion dollars. This issue occurs in a situation where the issue of treatment without chemical side effects is being pursued seriously in the industrialized countries of the world. Cultivation and harvesting of medicinal plants is less expensive than other agricultural products and has an early yield period. Planting and production, processing and transformation and finally export of medicinal plants are the 3 sides of a triangle which, if they complement each other, will lead to the economic growth and development of the country. The export of medicinal plants has become one of the most profitable branches of the agricultural economy.

**6- Physical Progress of project:**      yes ☐      No ☒

This plan is created and defined to cover the internal needs of the country. There has been no progress in the implementation of this project so far.

**7- Action plan and Implementation schedule:**

The implementation of the project until its operation is planned for 24 months, and the operation of the project is expected from the beginning of 2027.

The timetable

2027				2026				2025				2024				Activity/executive operations/year
4	3	2	1	4	3	2	1	4	3	2	1	4	3	2	1	season
															*	Conducting pre-investment

																studies
											*	*	*	*		Attracting investors and starting
										*	*					Obtaining the necessary permits and financing
									*							Providing engineering services
									*							Land purchase and preparation
									*							Choosing the project (manager (contractors)
								*								Workshop equipment
				*	*	*	*	*								Construction and landscaping operations
					*	*	*									Ordering, buying and transporting machines
				*												Installation of machinery
				*	*	*	*									facilities
			*													Recruitment and training of employees
			*													Unforeseen delays
			*													Trial production
*	*	*	*													Commercial production

## **8- Financial projection:**

### **8-1- The cost estimate:**

In general, according to the stages of implementation and exploitation, the investment of the project is in two forms: fixed investment and initial working capital, and the necessary capital during the period before operation and creation of the plan is provided through fixed capital, and the necessary capital during the operation period is provided through working capital. . The fixed investment of the plan includes investment costs in land, landscaping and building, machinery and equipment, facilities, office equipment and pre-production costs. These types of costs are incurred at the beginning of the project and before operation and are depreciated during the life of the project according to their useful life. Working capital includes the capital needed during the operation of the project. The working capital of a production unit is the set of facilities, inventories and work in progress, as well as liquidity is required for the use and exploitation of fixed investment in order to maintain, continue and continue operations. Determining the basis of the amount of inventories, work in progress and receivables depends on the conditions of supply, production and sales processes and the business environment. In this section, the evaluation and estimation of the investment required to carry out the project (based on the price of the base year) has been estimated and calculated.

The cost estimate

<b>No.</b>	<b>subject</b>	<b>costs (Rials)</b>
1	Fixed investments	790,913,700,010.60
2	Operating costs	580,942,892,902.05
3	Financial costs	0
Sum		1,371,856,592,912.65

Fixed investment

No.	subject	costs (Rials)	
1	land purchase	120,000,000,000	
2	Site preparation and development	12,000,000,000	
3	Civil works, structures and buildings	444,900,000,000	
4	Plant machinery and equipment	74,000,000,010	
5	Auxiliary and service plant equipment	75,000,000,000	
6	Environmental protection	20,244,700,000.60	
7	Incorporated fixed assets (project overheads)	0	
8	Pre-production expenditures (net of interest)	Studies	14,922,900,000
		Management and organization	14,922,900,000
		license	14,922,900,000
9	Sum	790,913,700,010.60	

### Operating cost

No.	subject		costs (Rials)
Variable cost			3,818,953,509,277.09
1	Material		3,650,857,258,300
2	Personnel		48,544,000,000
3	Marketing (except personnel)		308,656,795,336.12
4	Other variable costs	Maintenance cost	5,028,900,000.08
		Insurance	7,988,377,500.10
		Unforeseen cost	106,100,773,396.79
		Energy costs (water, electricity and fuel)	434,200,080
Fixed cost			329,522,178,052.1
5	Material		0
6	Personnel		72,816,000,000
7	Marketing (except personnel)		77,164,198,834.03
8	Depreciation		51,215,733,00.95
9	Other fixed costs	Maintenance cost	20,115,600,000.32
		Insurance	373,072,500.01
		Unforeseen cost	106,100,733,396.79
		Energy costs (water, electricity and fuel)	173,680,032
Total Operating cost			4,148,475,687,330.19

#### Description:

- Raw material cost is calculated as 100% of variable cost
- Salary cost is calculated as 40% of fixed cost and 60% of variable cost
- Energy cost is calculated as 20% of fixed cost and 80% of variable cost

- Maintenance cost is calculated as 20% of fixed cost and 80% of variable cost
- Insurance cost (equivalent to 1% of total investment value) is calculated as 95% of fixed cost and 5% of variable cost
- Depreciation cost is calculated as 100% of fixed cost (building depreciation rate is 2%, machinery and equipment 4%, facilities 10%, transportation vehicles 20% and office supplies 10%)
- Administrative and sales cost (equivalent to 10% of total costs) is calculated as 20% of production and 80% of non-production costs
- Unforeseen cost (equivalent to 5% of total costs) is calculated as 50% fixed costs and 50% variable costs.

## 8-2- Estimated revenues:

### Project revenues (Million Rials)

No.	subject	Season 1	Season 2	Season 3	Season 4	Sum Year 1	year 2	year 3	year 4	year 5
	Material	375	375	375	375	1500	2100	2400	2700	3000
1	Packaging of dried medicinal plants	163,875	163,875	163,875	163,785	655,500	917,700	1,048,800	1,179,900	1,311,000
2	Packaging medicinal herbs in powder form	43,750.05	43,750.05	43,750.05	43,750.05	175,000	245,000	280,000	315,000	350,000
3	Packaging of medicinal plants in the form of T-bags	1,000	1,000	1,000	1,000	4,000	5,600	6,400	7,200	8,000
4	Production and packaging of various spirits from medicinal plants	265,125	265,125	265,125	265,125	106,100	148,470	1,696,800	1,908,900	2,121,000
5	Packing medicinal plants into slices	112,500	112,500	112,500	112,500	450,000	630,000	720,000	810,000	900,000
6	Sum	586,250	586,250	586,250	586,250	2,345,000	3,283,000	3,752,000	4,221,000	4,690,000

#### Description:

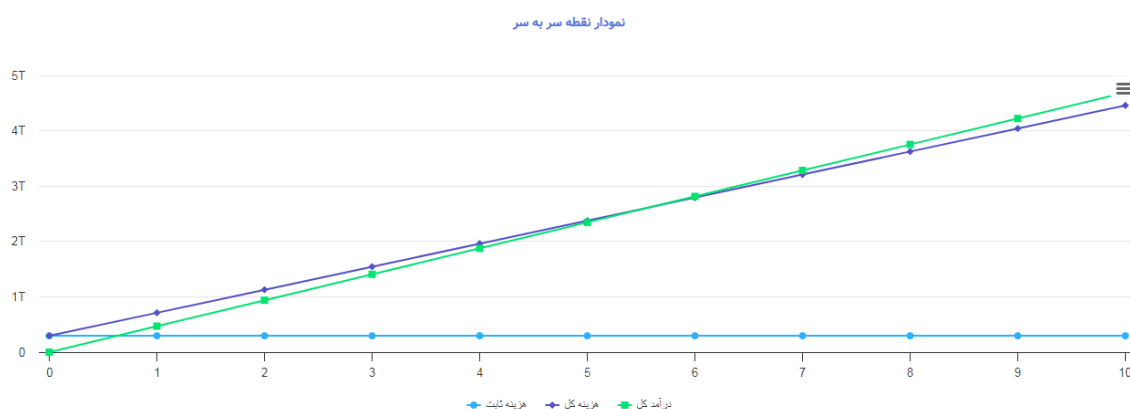
- The operating capacity in the first year is considered to be 50% of the nominal capacity
- The operating capacity in the second year is considered to be 70% of the nominal capacity
- The operating capacity in the third year is considered to be 90% of the nominal capacity
- The operating capacity in the fourth year is considered to be 100% of the nominal capacity
- The price of each kg of dried medicinal herbs is 2,185,000,000 rials, each kilogram of powdered medicinal herbs is 583,334,000 rials, each kilogram of T-bag medicinal herbs is 13,333,334 rials, each kg of production and packaging of various herbal infusions is 3,535,000,000 rials, and each kg of sliced medicinal herbs is 1,500,000,000 rials.

### 8-3-Duration of project operation:

The construction period of the plan is 24 months and it is considered to start from April 2024. The duration of the project is considered to be 5 years.

### 8-4-Break- even analysis:

From an economic point of view, break-even point analysis is an important technique that is used to study the relationships between costs, income and profit, and according to the definition, break-even point is the points where the exploitation of the plan creates neither profit nor loss. In other words, the break-even point analysis determines the points where the sales revenue is equal to the production costs, and thus it is used to analyze the effect of changing the volume of the product on the profit.



### 8-5- Cost-benefit analysis:

In project analysis, one of the most common methods is the Benefit-Cost Ratio. In this method, the ratio of the current value of possible benefits to the current value of costs is obtained. If this ratio is greater than one, the plan has economic justification for implementation. In terms of this index, the plan has favorable conditions.

The net present value of the plan at a discount rate of 25% is 1,860,785,798,378.32 rials, which shows the economic justification of the plan. One of the other methods of checking and evaluating investment plans is the method of internal rate of return or internal rate of return. In fact, the internal rate of return is the interest rate or the discount rate in which the current value of all benefits of the plan is equal to the current value of its expenses. According to the calculations, the internal rate of return of the plan is estimated at 68.97% and it is favorable compared to the minimum expected profit (Minimum Attractive Rate of Return).

The table of project efficiency indicators (Rial)

total fixed investment Present value	580,942,892,902.05
total net revenue Present value	1,813,541,098,015.58

Net present value (NPV)	1,860,785,798,378.32
benefit - Cost ratio B/C	3.12
Internal rate of return (IRR)	68.97%
Profitability index (PI)	3.35

#### 8-6- Sensitivity analysis of IRR:

In the sensitivity analysis of plans, the percentage of changes in the internal rate of return (IRR) of the plan is measured relative to the change in some parameters and basic variables of the plan. In this plan, the analysis is based on major variables such as sales revenue, fixed costs of the plan, and operational costs of the plan. The following table shows the results of the sensitivity analysis regarding the variables of sales income, fixed assets and operating costs

Sensitivity of IRR

1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	The title of the lever
1.04	1.06	1.07	1.10	1.12	1.16	1.23	1.30	1.59	3.86	Operating lever DOL
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	Financial leverage DFL
1.04	1.06	1.07	1.10	1.12	1.16	1.23	1.30	1.59	3.86	compound lever DCL

#### 8-7- Summarize table:

"Summary of economic issues"

activity	International Standard Industrial Classification (ISIC Code )	product name	Nominal capacity (unit)
Medicinal plants processing and packaging plan	Medicinal packaging	Medicinal packaging	3000 ton
Activity duration	Fix investment (Rials)	Variable investment (Rials)	Human resources
2 years	790,913,700,010.60	580,942,892,902.05	50
Internal rate of return (IRR)	Net present value (Rials)	Owners share (Rials)	Benefit-cost ratio *B/C
68.97%	1,860,785,798,378.32	1,371,856,592,912.65	59.5%

According to the expected rate of return and the net present value of the plan, investment in this plan is suggested. Also, with the calculations made, the internal rate of return (IRR) of this plan is 68.97%, which is compared to the investor's expected rate of return (34%); This project is in a favorable condition; Therefore, from the point of view of this financial index, investment in this project is suggested.



### **8-8-Estimation of exchange rate changes during the project implementation:**

The exchange rate at the time of evaluation is included as described in the table below. The buying and selling prices are under the market prices and are adjusted to a large extent under the influence of the exchange rate increase. Therefore, exchange rate fluctuations regarding the purchase of foreign equipment will be compensated to some extent by the income from sales, and exchange rate fluctuations will have little effect on the evaluation results. Therefore, in the construction and implementation phase, if the financing of the project is through foreign currency sources, the amount of financial resources required will not change much.

### **9- Capital needs, the supply and guarantees method:**

#### **9-1- Foreign currency needed:**

The plan does not need currency and the total fixed capital of the plan is Rial.

No.	year	Exchange rate
1	first	0
2	second	0
3	third	0
4	fourth	0
5	fifth	0

#### **9-2- The Way of participation and finance method:**

Participation in the present project and its financing is foreseen in the form of establishing a company inside the country. The total financial resources required are predicted through the investor's contribution and have not been included in order to implement the facility plan of domestic banks.

#### **9-3- Payback period:**

The payback period is the period of time when the initial investment of the plan is compensated from the annual cash funds of the plan. The return period (simple) of the plan is estimated to be 3 years and 6 months according to Kamfar calculations.

### **10- Incentives, features and advantages of project:**

The financial support of production units includes the granting of bank facilities and how to repay them, as well as tax exemptions, which, if appropriate, facilitate the implementation of the plan and provide the conditions for investment. Some of these conditions are discussed below.

One of the important banking facilities for production units is the payment of long-term bank loans up to 70% of fixed investment by the country's state banks. This amount can be increased up to 90% for deprived areas if foreign machines are used. The interest rate of long-term Riyal facilities in the industry sector is 23%, which in case of good calculations, part of the interest of the facility can be repaid. According to the nature of the production plan, the type

of technology and the possibility of exporting the product, the repayment period of long-term bank facilities is up to 8 years, and it is also possible to use a one- to two-year breathing period for repayment of installments.

Another important bank facility is short-term bank loans (6 to 12 months) for use as working capital needed to carry out production processes, which the banking network provides up to 70% of. Taking short-term facilities to this extent depends on gaining the trust of the operating banks and having a favorable record in repaying the previously received facilities.