

General Department of Economic and Financial Affairs of Khuzestan

Preparation and Compilation of Investment Opportunities in The Province
Investment Opportunity Studies Report

medicinal plants Processing

(Attachment Number 1)

Date: 2023/05/02

V2

In the name of God
Table of content

(Attachment Number 1)	1
1) Location of the project	4
1-1- Province	4
1-2- County	4
2) Project Status.....	5
2-1- Access to infrastructures	5
3) Technical specifications of the project	6
3-1- Product	6
3-2- Project Requirement	7
3-2-1- Land And Required Infrastructure	7
3-2-2- Plant Machinery and Equipment	7
3-2-3- Raw Materials	8
3-2-4- Management and human resource	9
4) Ownership and legal permissions	9
4-1- land ownership	9
4-2- Intellectual Property and Concessions	9
4-3- Legal permissions	9
5) market research and competition	10
5-1- Target market introduction	10
6) Physical progress of the project	13
7) Operational plan and implementation scheduling	13
8) Financial Plan	14
8-1- Cost Estimation	14
8-2- Sales Revenue	15
8-3- Length of Production Phase	15
8-4- Break-Even Analysis	16
8-5- Cost-Benefit Analysis	17
8-6- Sensitive Analysis	17
8-7- Conclusion	19
8-8- Estimation of currency rate fluctuation during the project implementation	19
9) Investment Required, method of fundraising and guarantees	20
9-1- Foreign Currency Required	20
9-2- Model Of Partnership and Fundraising	20
9-3- Payback Period	20
10) Incentives, features and benefits of the plan	21
(Attachment Number 2)	22

Tables and Figures

Table (1): access to infrastructures.....	5
Table (1): Introducing ten types of medicinal plants with their properties.....	6
Table (2): Amount of investment in land, landscaping and building	7
Table (3): All kinds of products, raw materials and packaging	7
Table (3): The main machinery and equipment required.....	7
Table (4): Auxiliary and service plant Equipment.....	8
Table (5): Costs of Raw Material for Production.....	8
Table (6): Management and Human Resource	9
Table (7): Project Scheduling.....	13
Table (8): Cost Estimations.....	14
Table (9): Fixed Capital Estimations (Capital Costs)	14
Table (10): Total Net Working Capital Requirements (Production Costs)	15
Table (11): Pre-Production Expenditure	15
Table (12): Project Revenue in The First 5 Years of Production Phase (Billion Rials).....	15
Table (13): Planning Horizon	15
Table (14): Project break-even point estimation	16
Table (15): Project Return Index	17
Table (16): Sensitivity Analysis (Percentage of IRR changes caused by sales revenue, fixed assets and operating costs alteration)	17
Table (17): Summary of Economic Features	19
Table (18): Currencies exchange Rate	19
Table (19): Foreign (Fixed) Currency Required	20
Figure (1): The Province location in Iran.....	4
Figure (2): Location map of Izeh in Khuzestan	4
Figure (3): Political divisions of Khuzestan province	4
Figure (4): Project location map.....	5
Figure (5): Picture of Izeh Industrial Estate	5
Figure (6): Access routes to the project	5
Figure (7): Image of medicinal plants and their products	6
Figure (9): Percentage changes in IRR caused by the sales revenue, fixed assets and operating costs alteration.....	18

1) Location of the project

1-1- Province

Khuzestan province is located in the southwest of Iran (in 47° 42' to 50° 39' east of the Greenwich meridian and 29° 58' to 32° 58' north of the equator). The area of Khuzestan province is 63,238 square kilometers. With a population of 4,994 thousand people in 1400SH, it is the fifth most populous province in Iran (after Tehran, Khorasan Razavi, Isfahan and Fars provinces). **Ahvaz** is the capital of Khuzestan province and is located in the 880km of Tehran. This province is bordered by ILAM province from the northwest, Lorestan province from the north, CHAHARMAHAL and BAKHTIARI, KOHGILUYEH and BOYERAHMAD provinces from the northeast and east, the Persian Gulf (330km long) from the south and Iraq (330km long) from the west. The location of Khuzestan is in the west of Zagros mountains. Due to the vastness of its plains, the border with Iraq and the Persian Gulf, and the distance from other provincial centers have placed this province in a strategic position.

1-2- County

According to the latest national divisions of the Ministry of Interior in 1401, Khuzestan province has 29 cities, 70 districts, 145 villages, 90 cities and 3 special governorates. The latest political divisions of the province are described in figure (3). **IZEH** city is one of the cities of Khuzestan province, centered in IZEH city, which is located 124 km northeast of Ahvaz. IZEH city has three parts: "IZEH", "Susan" and "DHADZ".

IZEH city shares a common border with LORDGAN city from the north, Masjid Suleiman city from the west and northwest, KOHGLIWIEH and Boyer Ahmed provinces from the south and southeast, and BAGHMELK city from the east and northeast with CHAHARMAHAL and Bakhtiari provinces. The population of IZEH city in 1395 was about 200,000 people. IZEH, a warm city with unique natural attractions and historical history in Khuzestan province, has the highest number of tourists among the cities of Khuzestan province.

There are many natural and historical tourism potentials in IZEH, which include: ASHKEFT Suleiman ancient monuments, KOL Farah ancient monuments, KHONG AZDAR ancient monuments, SOSAN plain with many springs, BARDGORI, ZARAS recreational tourist area, Karun twin bridges, MIANGARAN wetland, area Recreational tourist on the edge of Karun Se dam lake and power plant, GOLZAR recreational tourist area, DASHT MARGHA recreational tourist area, Mal Agha recreational tourist area, IMAMZADE Abdullah pilgrimage area, Koh SEFID recreational area, Karun Dam 3, IMAMZADEH CHEHEL TANAN in the north of DEHDZ, Park Long oak forest, KEHBAD Yak and SHIMAN recreation area.

Among the famous arts and crafts of this city, we can mention the weaving of Bakhtiari rugs and carpets, felt, GIVEH, CHUQA, and carving stones and creating works such as stonework, etc. IZEH industrial town is one of the industrial towns of Khuzestan province, which continues to operate with more than 34 industrial units in IZEH city of Khuzestan province and in the 8th kilometer of the IZEH-SHAHRKORD axis.

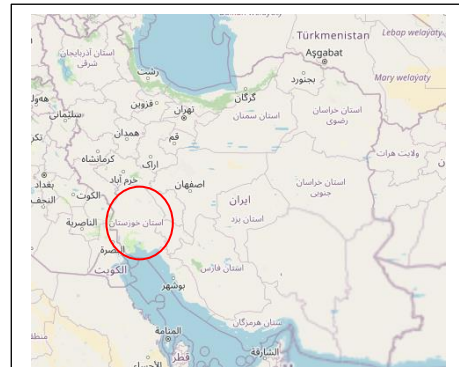


Figure (1): The Province location in Iran



Figure (2): Location map of IZEH in Khuzestan

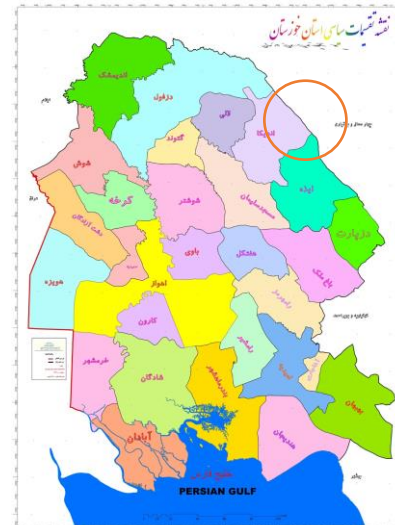


Figure (3): Political divisions of Khuzestan province

2) Project Status

The location of this project is proposed in IZEH Industrial Estate, with an area of about 10,000 square meters. This town is located 10 km from IZEH city and on the axis of IZEH-DEHDZ. According to the laws and regulations, taking land in this place requires industry, mining and trade permits and the approval of Khuzestan Industrial Towns Company and the environmental approval of IZEH city. Medicinal plants are grown in almost all the cities of Khuzestan, but the most important cities that produce these plants are DEZFUL, IZEH, BAGHMELEK, Shush, SHUSHTAR and Karun. Aloe Vera, Thyme, Chamomile, Lemon Balm, Lemon, Sour Tea, Rosemary, Stevia, Borage Flower, Rosemary, MARITIGAL, Moringa, Shallot, Peppermint, Safflower, Calendula, Chamomile, Khuzestan Savory, Dill and Coriander They are one of the most important medicinal plants cultivated in Khuzestan province.

2-1- Access to infrastructures

Currently, there are water, electricity and gas infrastructures in IZEH Industrial Town. In terms of access to transportation, this town is located in a relatively convenient location. This place is located at a distance of 10 km from IZEH-DEHDZ axis. Also, this town is located 245 km from DILAM port and 182 km from Ahvaz airport.



Figure (4): Project location map

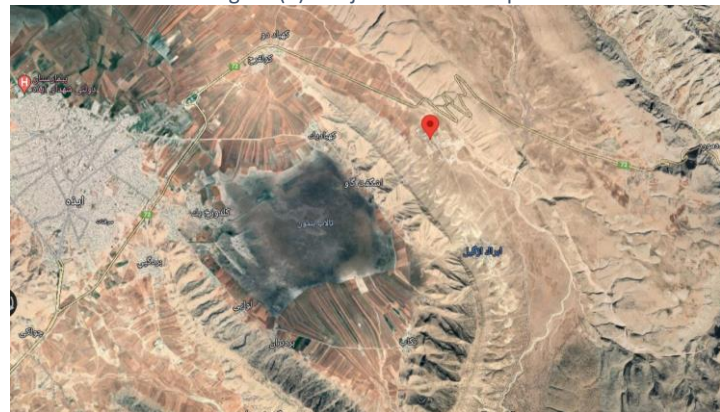


Figure (5): Picture of Izeh Industrial Estate

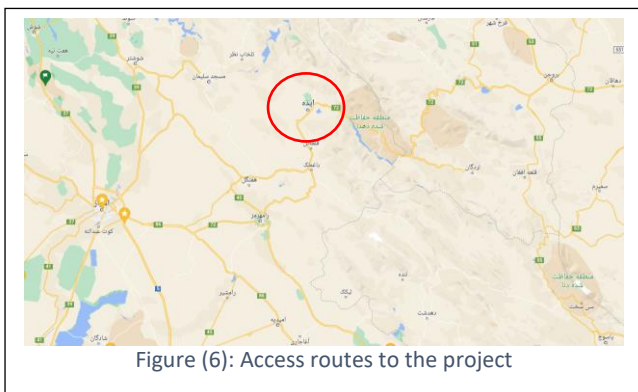


Figure (6): Access routes to the project

Table (1): access to infrastructures

No.	Required Infrastructure	Distance From Project Status(km)	Location Of Infrastructure Provision
1	Water	0	Izeh Industrial Estate
2	Electricity	0	Izeh Industrial Estate
3	Gas	0	Izeh Industrial Estate
4	Telecommunication	0	Izeh Industrial Estate
5	Main road	10	Izeh-Dahdz axis
6	Side road	0.2	Transportation ways of the industrial estate
7	Airport	176	Ahvaz Airport
8	Port	245	Imam Khomeini Port
9	Railway Station	182	Ahvaz road station

3) Technical specifications of the project

3-1- Product

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 effective substances extracted from it for health, preventive and therapeutic effects in the human body, animals and other plants, is a medicinal plant. It is said the special features 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 little trade, unstable prices and global competition in trade.

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 have medicinal properties that are It is cultivated in most parts of Iran and can be used in the pharmaceutical, perfumery, cosmetic-sanitary, food supplement, coloring, flavoring, pesticide, spice and other industries.

The Medicinal Plants Development Headquarters has introduced 24 types of medicinal plants that have a suitable domestic or export market, as follows, as medicinal plants with priority for planting: marigolds, paper gourds, thyme, chamomile, sweet varieties, mint, Cumin, Coriander, French Tarragon, Geranium, Valerian, Rosemary, Rosemary, Hyssop, Marigold, Lemon Balm, Hourglass, Marjoram, Saffron, Sage, Aloe Vera, Fennel, Calendula, Sour Tea.

Medicinal plants are mainly consumed in the following forms: fresh plant, dried or canned plant, processed by heat and pressure and solvent (for the production of various extracts and essences and spirits), extraction of effective substances (use in medicine/food/cosmetics/health industry).

The following table lists some types of medicinal plants and the most important properties of each of them.

Table (2): Introducing ten types of medicinal plants with their properties

NO.	The name of the medicinal plant	The most important properties
۱	Aloevera	Treatment of constipation - freshness of skin and hair - treatment of herpes - treatment of burns
۲	Borage flower	Strengthening the nerves - removing urinary infection - regulating blood pressure
۳	Valerian	Reduce anxiety - reduce depression - relieve pain - reduce restlessness
۴	sage	Removing uterine infection - strengthening the brain and memory - controlling diabetes - removing cough
۵	Lemongrass	Treating insomnia - treating anxiety - maintaining lung health - strengthening hair
۶	mint	Treating asthma - helping the digestion process - preventing allergies - losing weight
۷	Thyme	Preventing coughing - disinfecting - eliminating pests
۸	Raeeflower	Sore throat relief - anti-inflammatory - treatment of kidney stones - treatment of depression
۹	henna	Reducing hair loss - Strengthening nails - Anti-aging skin care
۱۰	Marigold	Treatment of eye, skin and genital infections - reducing inflammation



Figure (7): Image of medicinal plants and their products

3-2- Project Requirement

3-2-1- Land And Required Infrastructure

For the processing and packaging of terrestrial medicinal plants in Izeh industrial estate, an area of 11,000 square meters and construction infrastructure (Sole and other buildings) of production amounting to 3,750 meters are needed. The specifications of the land, main buildings and other required side buildings and investment in them are as described in the table below.

Table (3): Amount of investment in land, landscaping and building

No.	Requirements	Description	Investment Required		Total Cost (Million Rials)
			Required Area	Unit Price of Purchase/Construction	
1	Land purchase 77 * 130	Khuzestan - IZEH city - IZEH industrial estate	10,000	3,000,000	30,000
2	Site preparation and development	According to relative calculations	6,100	3,868,852	23,600
3	Civil works, structures and buildings	Production building(height6)	2,400	100,000,000	240,000
		Office and management building	200	80,000,000	16,000
		Labor and support building (restaurant, dressing room, prayer room, shower and restroom)	100	60,000,000	6,000
		Water, electricity and gas facilities building	30	40,000,000	1,200
		guard and janitor building	20	60,000,000	1,200
		Other buildings (warehouse, etc.)	1,000	70,000,000	70,000
Total			-	-	388,000

3-2-2- Plant Machinery and Equipment

Medicinal plants 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.

Table (4): All kinds of products, raw materials and packaging

The name of the product that can be produced by the project/company	Type of medicinal plant/ raw materials	Packaging materials
Packaging of dried medicinal plants	Mint, dried rosemary, lemon, dill and...	20 x 30 film envelope - standing, with a regal window
Packaging medicinal herbs in powder form	Seasonings and spices (turmeric, ginger, pepper and cinnamon)	Film envelope 10x15 - standing, with a window
Packaging of medicinal plants in the form of T-bags	Red tea, mint, cinnamon, cardamom and...	t bag
Production and packaging of various spirits from medicinal plants	Mint, rose water and other spirits	Pet bottle packaging
Packing medicinal plants into slices	Persian Shallot	20 x 30 film envelope - standing, with a regal window

Based on the desired type of packaging and packaging processes, it is predicted as follows:

Table (5): The main machinery and equipment required

No.	Equipment/Machinery	Required investment			Total cost (Million Rials)
		Amount	Unit Price	Currency	
1	Centrifuge washing and dewatering machine	1	1,000	(Million Rials)	1,000
2	Medicinal herb dryer	1	7,000	(Million Rials)	7,000
3	Steel table, conveyor belt (for rinsing, visiting and sorting plants)	4	2,000	(Million Rials)	8,000
4	Semi-automatic rotary vacuum flood - pneumatic	2	800	(Million Rials)	1,600
5	Shallot slicer	1	1,000	(Million Rials)	1,000
6	Shallot washing machine/tub	1	650	(Million Rials)	650
7	Drying machine for shallots	1	2,000	(Million Rials)	2,000
8	Steel dehydrating table and shallot visit conveyor	1	1,200	(Million Rials)	1,200
9	T-bag packaging machine	1	3,000	(Million Rials)	3,000
10	Grinding machine	1	1,500	(Million Rials)	1,500
11	Powder packaging machine	1	2,000	(Million Rials)	2,000
12	digital scale	6	150	(Million Rials)	900
13	Trolleys and pallets for transporting raw materials and products	5	300	(Million Rials)	1,500
14	Roller date printing machine	1	1,000	(Million Rials)	1,000
15	One ton pot distillation machine	1	7,000	(Million Rials)	7,000
16	Pasteur device	1	5,000	(Million Rials)	5,000
17	Spirits and rose water filling machine	1	7,000	(Million Rials)	7,000
18	boiler	1	5,000	(Million Rials)	5,000
19	IC BANK-Cooling tower	1	3,000	(Million Rials)	3,000
20	Spirit tanks	15	250	(Million Rials)	3,750
21	Sheath device	1	500	(Million Rials)	500
22	Labeling machine	1	3,000	(Million Rials)	3,000
23	Sharing device	1	2,500	(Million Rials)	2,500
24	Storage shelves and storage	1	3,000	(Million Rials)	3,000
25	domestic-Other main equipment	1	1,900	(Million Rials)	1,900
Total		-	-	-	74,000

Table (6): Auxiliary and service plant Equipment

No.	Equipment/Machinery	Unit of measurement	Type of equipment	Required investment		Total cost (Million Rials)
				Amount	Unit Price (Million Rials)	
1	Distribution Of Electricity / Demand Price	Kw	Facility	120	6	720
2	Several Electrical Cables	M	Facility	500	4	2,000
3	Electrical Equipment	Amount	Facility	35	40	1,400
4	The Cost of Panel and Related Electrical Equipment	Amount	Facility	22	320	7,040
5	Water Branch	-	Facility	1	2,000	2,000
6	Other Water Conveyance Equipment	Amount	Facility	1	2,500	2,500
7	Firefighting, Safety and Health Equipment, etc.	Capsule	Facility	30	40	1,200
8	Gas Piping	M	Facility	200	5	1,000
9	Gas Branching	-	Facility	1	2,000	2,000
10	Water Heater and Heater	Machine	Facility	3	350	1,050
11	Air Ventilation equipment	Fan	Facility	10	36	360
12	Air Conditioner	Set	Facility	3	1,000	3,000
13	Water Cooler	Set	Facility	3	300	900
14	Gas Heater	Ton	Facility	6	150	900
15	Industrial Heater	Machine	Facility	1	250	250
16	2.5 Ton Pallet Jack with Scale	Machine	Vehicle	2	360	720
17	3 Ton Forklift	Machine	Vehicle	1	17,500	17,500
18	pickup truck	Machine	Vehicle	1	6,000	6,000
19	Car	Machine	Vehicle	1	5,000	5,000
20	Operation & laboratory Equipment	Machine	laboratory Equipment	1	1,000	1,000
21	Other safety equipment and CCTV system	Set	Facility	1	800	800
22	office Equipment	Set	Equipment	9	700	6,300
23	Restaurant equipment	Set	Equipment	15	25	375
24	Clinic equipment	Set	Equipment	1	1,000	1,000
25	Other accessories	-	Facility	1	1,985	1,985
Total				-	-	67,000

3-2-3- Raw Materials

Raw materials include all kinds of medicinal plants and packaging materials. There are different types of medicinal plants in the country. But some special varieties that have better marketability and are also used in Khuzestan province have been selected in bulk. These types mainly include mint, lemon and mint, shallots and spices.

Table (7): Costs of Raw Material for Production

No.	Title	the product	Average price of the purchase unit (Rials)	amount of consumption	consumption coefficient unit	Amount of consumption in nominal capacity	The cost of raw materials at the maximum nominal capacity (Million Rials)
1	Plant to lemon - fresh	Dry packing	350,000	7	Kg	200,000	70,000
2	Mint plant - fresh	Dry packing	100,000	7	Kg	500,000	50,000
3	Mint plant - fresh	Mint spirits	100,000	1	Kg	300,000	30,000
4	Other more medicinal plants	Other dried medicinal plants	450,000	7	Kg	200,000	90,000
5	Rosemary leaf - fresh	Dry packing	600,000	10	Kg	1,500,000	900,000
6	Rosemary leaf - fresh	Rose	600,000	1	Kg	2,000,000	1,200,000
7	Herbs for the production of spices (cinnamon, ginger, turmeric, pepper, etc.)	Seasonings and powdered spices	4,000,000	1.1	Kg	54,960	219,840
8	Persian Shallot	Sliced shallots, dry packed	600,000	4	Kg	1,200,000	720,000
9	Printed packaging film, dimensions 20x30, with shelves and windows (dried plants)	Dry packing	20,000	1	Packing	696,500	13,930
10	Printed packaging film, dimensions 10x15, with a shelf and a window (powder)	Seasonings and powdered spices	15,000	1	Packing	250,000	3,750
11	Pet Gulab and spirits + lid and label and plastic shring	Rose water and spirits	70,000	1	Packing	2,300,000	161,000
12	Packaging carton and glue and label	All products	170,000	1	Packing	217,383	36,955
13	T-bag packaging materials	T-bag mint, sour tea,	50,000	1.0	Packing	17,850	893
14	Shallot packaging material	Sliced shallots, dry packed	5,000			3,000,000	15,000
15	Other raw materials and packaging	All products					87,784
Total					-	-	3,599,152

3-2-4- Management and human resource

For processing and packaging medicinal plants, 50 human resources will be needed in the production, management and support department as described in table (6).

Table (8): Management and Human Resource

No	Level of skill	Number of staff	Average basic salary
1	Senior	11	170,909,091
2	Mid-level	2	120,000,000
3	Junior	37	86,891,892

Number Of Direct Mid-Level Staff Required	2	Person
Number Of Direct Junior Staff Required	37	Person
Number Of Direct Senior Staff Required	11	Person
Total	50	person

4) Ownership and legal permissions

4-1- land ownership

It is a suitable place for the implementation of IZEH industrial town plan. The right to exploit the land in the mentioned industrial town is equal to 3,000,000 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. In order to acquire industrial land in this town, it is necessary for the investors to obtain the legal permits mentioned in paragraph 3-4. Of course, if the construction in the town is canceled; It's better; This unit should be built in BAGHMOLEK or DEZFUL industrial town.

4-2- Intellectual Property and Concessions

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 according to 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 permissions

In order to produce this product, we need legal permits such as (establishment permit and exploitation permit) from the Khuzestan Province Industry and Mining Organization, and environmental permit, health permit, and construction permit. It is worth noting; The production of this product in Izeh industrial town will not create any problem for the environment and obtaining environmental permits is possible.

5) market research and competition

5-1- Target market introduction

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 ensuring the health of the country's growing population and creating employment and currency earning fields, but also in terms of social economic development. It has an important role in income distribution and attention to less developed areas.

Unlike the industry and service sectors, which are largely centralized and have limited spatial citizenship, the activities of the medicinal plants sector have a lot of spatial citizenship 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 force, low production cost are the relative advantages that make our country special.

The land of Iran is a distinguished 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. About 40 thousand hectares are cultivated with medicinal plants. The table below shows the amount of production of medicinal plants in the year 1400 by province.

Table (1): The amount of production of different medicinal plant products by province in the year 1400 (tons)

State	Damask rose	henna	Cumin	Renas	Black Seeds	Flixweed	Wasmeh	Flower cow tongue	Saffron	Marjoram	Caraway	Other medicinal plants	Total
EAST AZARBAIJAN	1,850	0	3	0	5	0	0	0.1	1.038	0	0	233	2,092
WESTERN AZERBAIJAN	97	0	0	0	0	0	0	0	0.005	0	0	93	190
ARDABIL	56	0	3	0	0	1	0	8	0.013	0	0	86	154
ESFAHAN	12,235	0	201	95	54	0	0	5	5.623	0	13	1,361	13,970
ALBORZ	184	0	104	0	19	0	0	0.3	0.225	0	0	47	355
ILAM	26	0	1	0	0	0	0	0	0.102	0	0	97	124
BUSHEHR	0	0	1	0	106	0	0	0	0	0	0	1,474	1,581
TEHRAN	133	0	8	0	0	0	0	0	1.362	0	0	9	151
SOUTH OF KERMAN PROVINCE	245	6,494	0	0	0.2	0	418	1	0.009	0	0	54	7,212
CHAHARMAHAL VA BAKHTIARI	366	0	5	0	144	0	0	6	0.529	0	1	259	782
SOUTHERN KHORASAN	433	0	931	0	0	99	0	0	26.93	0	0.3	5	1,495
KHORASAN RAZAVI	1,261	0	4,888	0	3	46	0	2	205.523	0	20	953	7,379
NORTH KHORASAN	127	0	636	0	0.1	0	0	0	18.067	0	13	13	807
KHUZESTAN	3	0	0	0	2	0	0	236	0.104	1	0.2	29,356	29,598
ZANJAN	28	0	0	0	2	0	0	0	0.03	0	0	44	74
SEMNAN	472	1	1,086	0	21	22	0	4	1.709	0	10	1,671	3,289
SISTAN AND BALUCHESTAN	14	9,731	4	0	0	0	254	0	0.026	0	0.0	460	10,463
FARS	8,208	0.3	240	0	172	674	0	5	2.641	112	6	4,626	14,046
QAZVIN	21	0	1	0	0	0	0	2	0.059	0	0	35	59
QOM	677	0	6	0	0.2	0	0	0.1	0.191	0	0.001	85	768
KURDISTAN	152	0	0	0	3	0	0	0	0.139	0	0	98	253
KERMAN	8,777	26	61	21	1	17	0	65	4.262	4	0	572	9,548
KERMANSHAH	65	0	0	0	6	0	0	0	1.057	0	0	562	634
KOHILOYEH AND BOYERAHMAD	0.3	1	1	0	0	0	0	0	0.015	0	0.1	118	120
GOLESTAN	7	0	497	0	374	0	0	14	1.553	0	0	208	1,102
GUILAN	15	0	0	0	0	0	0	61	0.047	0	0	67	143
LORESTAN	299	0	7	0	38	0	0	5	1.435	0	0	2,212	2,562
MAZANDARAN	442	0	0	0	11	0	0	248	0.118	0	0	181	882
CENTRAL	1,919	0	5	0	0	0	0	0.0001	0.486	1	0	14	1,939
HORMOZGAN	1	2	0	0	0	0	0	0	0	2	0	780	785
HAMEDAN	366	0	5	0	0.1	4	0	1	1	0	0.1	21,838	22,215
YAZD	208	0	188	2,710	0	0	0	1	3	18	3	1	3,132
total	38,687.3	16,255.3	8,882	2,826	961.6	863	672	664.5	277.1	138	66.7	67,612	137,906

Table (2): The amount of production of medicinal plants in the whole country and in Khuzestan province in 1400

State	Damask rose	henna	Cumin	Renas	Black Seeds	Flixweed	Wasmeh	Flower cow tongue	Saffron	Marjoram	Caraway	Other medicinal plants	Total
Production of the country (tons)	38,687	16,255	8,882	2,826	962	863	672	665	277	138	67	67,612	137,906
Production of Khuzestan province (tons)	3	0	0	0	2	0	0	236	0.1037	1	0	29,356	29,598
Share of Khuzestan (%)	0.01%	0%	0%	0%	0.21%	0%	0%	35.52%	0.04%	0.72%	0.3%	43.42%	21.46%

In general, more than 21% of the production of medicinal plants in 1400 was in Khuzestan province. The amount of production of medicinal plants during the years 1395 to 1400 is given in the table below.

Table (3): The amount of production of medicinal plants in the country in 1400

Year	Total amount of production (tons)
1395	152,599
1396	197,792
1397	227,698
1398	284,002
1399	275,231
1400	137,906

The production of medicinal plants in 1399 was 275 million tons, which reached 137 million tons in 1400 and decreased by 49.9%.

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 about 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.

The specifications of medicinal plant processing and packaging industries are given below.

Table (4): statistics of medicinal plant processing and packaging industries by province in 1400

State	Number	Nominal capacity (tons)
EAST AZERBAIJAN	13	17,615
WESTERN AZERBAIJAN	13	10,650.5
ARDABIL	8	30,260
ESFAHAN	31	68,806
ALBORZ	4	1,350
ILAM	4	298
BUSHEHR	0	0
TEHRAN	8	4,826
CHAHARMAHAL VA BAKHTIARI	13	1,239
SOUTHERN KHORASAN	29	8,709
KHORASAN RAZAVI	57	13,291
NORTH KHORASAN	6	1,578.5
KHUZESTAN	0	0
ZANJAN	5	10,550
SEM NAN	4	24,631
SISTAN AND BALUCHESTAN	1	100
FARS	49	229,761.4
QAZVIN	1	1,200
QOM	5	2550
KURDISTAN	4	1660
KERMAN	18	18225
KERMANSHAH	5	1717
KOHILOYEH AND BOYERAHMAD	1	1000
GOLESTAN	13	4131
GUILAN	12	1415
LORESTAN	5	2155
MAZANDARAN	9	25360
CENTRAL	18	12228
HORMOZGAN	4	550
HAMEDAN	8	2068
YAZD	8	7482
SOUTH OF KERMAN PROVINCE	2	692
total	358	506,098.4

Table (5): Statistics of medicinal plant processing and packaging industries until the end of 1400

Year	Number	Nominal capacity (tons)
1395	146	137,519
1396	165	166,204
1397	207	397,674
1398	271	561,275
1399	291	458,788
1400	358	506,098

According to the statistics of the Trade Development Organization of Iran, the export of medicinal plants during the years 1398 to 1400 is as described in the following table.

Table (6): Export of medicinal plants

Year	Weight (thousand tons)	Value (millions of dollars)
1398	34.1	59.6
1399	53.2	79.8
1400	49.2	57.2

There 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, star anise, 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, will make this business flourish 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 wide use of this product in the pharmaceutical industry, as well as in the food, cosmetic and health industries, due to its ability which exist in the country, it is a great opportunity 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 by 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 seriously pursued 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 the project No Yes

This is a new project and has been defined to cover the internal needs of the country. It has no progress so far.

7) Operational plan and implementation scheduling

The implementation of the project stages until its operation is planned for 24 months, and the operation of the project is expected from the beginning of 1405. The schedule of the project is presented in Table (9).

Table (9): Project Scheduling

year	1402				1403				1404				1405			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Operations/Season																
Pre investment studies	■															
Fundraising and starting	■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■												
Obtain legal permissions					■ ■ ■ ■	■ ■										
Providing engineering services						■ ■										
Land purchase and preparation						■ ■										
Selecting contractor						■ ■										
Equipping site							■ ■									
Construction and landscaping							■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■					
Order, purchase and transportation of machinery							■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■							
Machinery installation									■ ■ ■ ■							
Facilities							■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■						
Hiring and onboarding of staff													■ ■			
Unexpected delays													■ ■			
Trial production													■ ■			
production phase													■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■

8) Financial Plan

8-1- Cost Estimation

Generally, there are two ways to fundraise for this project, fixed capital and initial working capital. The required investment before utilization is provided through fixed capital. Initial working capital will be used during utilization. Fixed capital includes, purchasing land, construction and landscaping, machinery and equipment, facilities, office stuff and pre-production costs. These types of costs are incurred at the beginning and before operation and are consumed during the life of the project according to their service life. Working capital includes the capital required 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 the liquidity required for the exploitation of fixed capital in order to maintain the operation.

Determining the basic amount for inventories, work in progress and claims depends on the supply, production and sales capacity and business environment. In this section, the evaluation and estimation of the required investment (based on the price of the base year 1402 SH) is proposed.

Table (10): Cost Estimations

No.	Subject	Amount (Million Rials)
1	Total Fixed Investment Costs	603,500
2	Total Net Working Capital Requirements	585,010
3	Total Production Costs (Annual)	3,834,648
4	Depreciation	51,768
5	Total Investment	1,188,510
6	The total price for the product unit (by product type)	-
7	Packaging of dried medicinal plants (Rials/kg)	4,423,344
8	Packaging of medicinal plants in the form of powder (Rials/kg)	4,950,439
9	Packaging of medicinal plants in the form of T-bags (Rials/kg)	758,477
10	Production and packaging of various herbal extracts (Rials/kg)	669,107
11	Packaging of medicinal plants into slices (Rials/kg)	2,698,417

Table (11): Fixed Capital Estimations (Capital Costs)

No.	Subject	Cost (Million Rials)	
1	Purchasing land	30,000	
2	Landscaping and land improvement	23,600	
3	Civil operations and construction of buildings	335,000	
4	Production machinery and equipment	74,000	
5	Service equipment	75,000	
6	Protection and environmental equipment	0	
7	Overhead costs	0	
8	Pre-Production Expenditure (As described in Table (13))	Pre-investment studies	850
		Project management and organization	35,551
		Technology education	2,599
9	Unexpected costs	26,900	
Total		603,500	

The primary items included in working capital are:

- Raw materials (local and foreign): To prevent any interruptions in production process, production capacity, source and method of supplying materials, length of time during ordering and receiving materials, time of delivery and transportation, the amount of required raw materials, auxiliary materials and packaging are determined as one of the working capital items for one period. In this project, the material inventory coverage period is equal to 90 days.
- Finished product and work in progress: Considering the steps and methods of production, the required time for production and storage has been determined and the related costs are considered as working capital. In the current plan, the coverage period for the product under construction and the manufactured product is not included separately.
- Claims of expected funds from sold products that are collected in a short period of time. The duration for expected funds must be determined. According to the economic condition of Iran, cash is preferred.
- Revolving fund to finance the company's current expenses is considered as cash balance or revolving fund for a period of time in working capital based on production costs (without considering the cost of raw material production and depreciation). 30 days is considered in this plan.

Table (12): Total Net Working Capital Requirements (Production Costs)

No.	Subject	Amount (Million Rials)
1	Raw Materials Inventory	899,797
2	Work In Progress	0
3	Finished Product	0
4	Accounts Receivable	0
5	Cash-In-Hand	14,517
6	(Commercial Accounts Payable)	0
Total Net Working Capital Requirements		914,314

Table (13): Pre-Production Expenditure

No.	Subject	Description	Total (million Rials)
1	Incorporation	-	200
2	Obtaining Licenses / Production License	-	1,200
3	Studying, Consulting, Research and Development, Traveling, Visiting and Participating in Local Exhibitions, etc.	1.5 thousandth of the investment costs of the project	850
4	Property Insurance	2 thousandth of depreciable fixed assets	1,130
5	Survey Fee, Financing, Contract and So On	Survey fee 0.5 thousandth, other 2.5 thousandth	1,350
6	Cartography, Supervising	2 thousandth of contract expenses	870
7	Other's	Staff Training	Equivalent to 10 days of Staff salary
		Wages And Salaries During the Construction	Equivalent to the salary of 20 personnel in 24 months
		Other Expenses	72.0
Total			39,000

8-2- Sales Revenue

The wholesale price of the products has been obtained according to the information of the market participants. Based on this (and according to the production plan), the total sales amount of the plan in 1405 at the fixed prices of 1402 is estimated to be equal to 1873 billion Rials. This figure will increase in the following years due to the increase in production capacity and will increase to a maximum of 4689 billion Rials.

Table (14): Project Revenue in The First 5 Years of Production Phase (Billion Rials)

No.	Subject	Q ₁	Q ₂	Q ₃	Q ₄	Total 1 st Year	Total 2 nd Year	Total 3 rd Year	Total 4 th Year	Total 5 th Year
1	Packaging of dried medicinal plants	130	130	130	130	522	785	917	1,114	1,311
2	Packaging of medicinal plants in powder form	35	35	35	35	140	210	245	301	350
3	Packaging of medicinal plants in the form of T-bags	1	1	1	1	3	5	6	8	8
4	Production and packaging of various herbal extracts	212	212	212	212	848	1,272	1,484	1,803	2,121
5	Packaging of medicinal plants into slices	90	90	90	90	360	540	630	765	900
Total		468	468	468	468	1,873	2,812	3,282	3,990	4,689

8-3- Length of Production Phase

The construction period of the plan is 24 months and it is considered to start from first of 1403. The duration of the project is considered to be 5 years.

Table (15): Planning Horizon

Title	Month	-	year	Length of construction phase (months)	Start of phase (months)	Length of production phase (years)
Project identification	1	/	1402	24	12	5
Beginning of construction phase	1	/	1403			
Beginning of production phase	1	/	1405			
End of production phase	12	/	1409			

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 relationship between costs, income and profit. The break-even point is the point at which total cost and total revenue are equal. In other words, it is used to analyze the effect of product volume change on the profit. The break-even point is calculated for 100% of practical capacity (year 1408SH onwards) below.

$$\text{even sales value (Rials)-Break} = \frac{\text{Total fixed costs}}{1 - \frac{\text{Total variable costs}}{\text{Sales value}}}$$

$$\text{The number of sales at the break-even point} = \frac{F_C}{S - V_C}$$

FC = Total Costs VC= Average Variable Costs Q= Quantity of Sales S = Unit Price

$$\text{Break-even sales value} = \frac{129,597}{1 - \frac{3,704,301}{4,689,400}} = 616,926 \text{ (Million Rials)}$$

$$\text{The number of sales at the break-even point} = \frac{129,597,297,500}{2,664,432 - 2,104,716} \approx 231,541$$

$$\text{Break-even ratio (\%)} = \frac{616,926}{4,689,400} = 13.2\%$$

Table (16): Project break-even point estimation

(Million Rials)

Title	Production 1405	Production 1406	Production 1407	Production 1408	Production 1409	Production 1410	Production 1411
Sales revenue	1,872,940	2,811,760	3,281,920	3,989,910	4,689,400	4,689,400	4,689,400
Variable costs	1,504,476	2,237,751	2,604,394	3,154,378	3,704,301	3,704,301	3,704,301
Variable margin	368,464	574,009	677,526	835,532	985,099	985,099	985,099
Variable margin ratio (%)	20	20	21	21	21	21	21
Fixed costs	113,619	121,392	125,281	131,123	129,597	128,830	128,830
Break-even sales value	577,538	594,635	606,861	626,151	616,926	613,273	613,273
Break-even ratio (%)	30.8	21.1	18.5	15.7	13.2	13.1	13.1

- According to COMFAR Results

Based on the calculations of COMFAR software, the break-even point including operating and non-operating costs, is 617 billion Rials and it will be achieved in the % 13.2 of the practical capacity.

In the mentioned formula, the break-even point is determined by the relationship between fixed costs and the difference between unit sales price and unit variable costs. Therefore, three practical results are obtained from it:

- The higher the fixed costs, the higher the break-even point.
- The greater the difference between unit sales price and variable operating costs, the lower the break-even point. In this case, fixed costs are absorbed faster through the difference between unit sales price and unit variable costs.
- One of the break-even points is disproportionate. Since it makes the company vulnerable to changes in production (sales) levels.

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.

Net Present Value is one of the other evaluation methods which is calculated according to the following relationship:

$NPV = \text{The Present Value of The Total Cost of The Period of Construction Phase and Production Phase} - \text{The Present Value of The Total Income of Construction Phase and Production Phase}$

$NPV = \text{The Present Value of The Fixed Assets Depreciation} + \text{Initial Investment} - \text{The Present Value of The Future Cash Flows}$

The net current value of the project at a discount rate of 30% is over 479.7 billion Rials, which shows that the project is economically feasible.

One of the other methods of evaluating investment plans **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 the plan benefits is equal to the current value of its expenses.

According to the calculations, the internal rate of return of the project is estimated at 46.9% and compared to the Minimum Attractive Rate of Return, it is favorable.

Table (17): Project Return Index

Index	Amount	Unit of measurement
The Present Value of The Total Cost of The Period of Construction Phase and Production Phase	6,565,150	Million Rials
The Present Value of The Total Income of Construction Phase and Production Phase	7,044,812	Million Rials
NET PRESENT VALUE (NPV)	479,662	Million Rials
Cost-benefit RATIO (B/C)	1.07	-
INTERNAL RATE OF RETURN (IRR)	46.9%	Percent
NPV RATIO (PI)	0.52	Rial per Rial of investment
NORMAL PAYBACK	2.67	Year

Profitability Index (PI) indicates how much economic profit will be obtained for each unit of money invested during the lifetime of the project.

Project Investment payback is the period of time required to recover the project investment from net income, measured in years. In other words, it shows the length of time taken for the initial investment to be returned. This index shows the speed of investment return and the amount of project risk coverage. The ROR (simple) of the plan is estimated to be 2.67 years (equal to the year 1407) according to the calculations.

8-6- Sensitive Analysis

In the sensitivity analysis of the plans, the percentage of changes in the internal rate of return (IRR) is measured in relation to the change in some basic parameters and variables. In this plan, the analysis has been carried out by major variables such as sales, fixed and operating costs. Table (18) shows the results of the sensitivity analysis regarding the variables of sales income, fixed assets and operating costs.

8-6-1- Sales Revenue

Changes in sales revenue are mainly caused by alteration in two variables: planned sales amount and product sales price. The results of the sensitivity analysis regarding sales income show; 4% increase in sales revenue of the plan, the internal rate of return will increase from 46.9% to 56%. On the contrary, in the case of a 4% decrease in sales revenue, the internal rate of return of the project will decrease to 37%.

Table (18): Sensitivity Analysis (Percentage of IRR changes caused by sales revenue, fixed assets and operating costs alteration)

Variation (%)	Sales revenue	Increase in fixed assets	Operating costs
-20%	-8%	54%	81%
-4%	37%	48%	54%
0%	46.9%	46.9%	46.9%
4%	56%	46%	39%
20%	88%	42%	4%

8-6-2- Fixed Assets

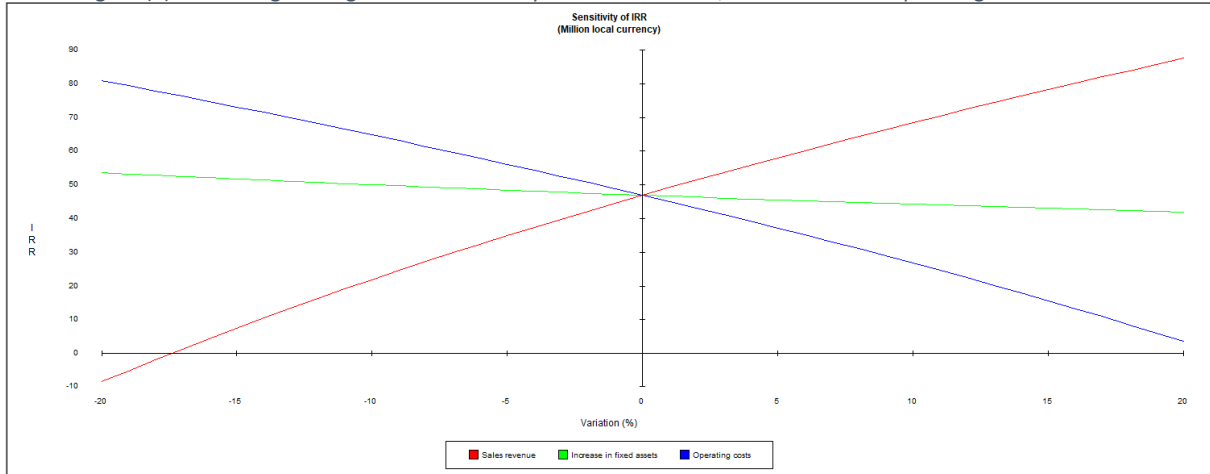
The change in the fixed assets is due to the fixed costs of the initial investment alterations. The results of the sensitivity analysis according to the fixed costs of the plan have been done and it shows that in case of an unexpected 20% increase in the fixed capital costs of the project, the internal rate of return will decrease from 46.9% to 42%. Conversely, if there is a 20% reduction in the fixed capital costs, the internal rate of return will increase and reach 54%.

8-6-3- Operating Costs

The operating costs of the plan is one of the crucial items in terms of sensitivity analysis regarding its changes. Therefore, unexpected and possible changes should be investigated.

The change in project operating costs is mainly caused by changes in raw material, supply, human resource and finally changes in other overhead costs of projects. If these parameters change, it can be as a result of the change in the technical coefficients of product production or the change in their purchase price. The sensitivity analysis indicates that in case of a 4% increase in the operating costs, the efficiency rate of the plan will decrease to 39%. On the contrary, if the total operating costs of the project are reduced by 4%, the internal rate of return will increase to 54%. Finally, the results of the sensitivity analysis show that the current project has a very high sensitivity to changes in sales revenue (changes in sales amount or sales price) and more considerations should be taken in this regard.

Figure (8): Percentage changes in IRR caused by the sales revenue, fixed assets and operating costs alteration



As you can see, the slope of the IRR change curve is higher relative to the changes in sales revenue compared to other items while the slope of the IRR change curve is lower relative to the changes in fixed assets, which indicates the greater sensitivity of the plan's internal rate of return to sales revenue and its lower sensitivity relative to operating costs and fixed assets.

8-7- Conclusion

The implementation of the project is planned by acquiring a land with an area of 10,000 square meters and carrying out construction in the substructure of 3,750 square meters. The total investment in land and building is estimated at 389 billion Rials and the total investment in main and auxiliary equipment is estimated at 176 billion Rials. The total pre-operational costs are estimated at 39 billion Rials, including the total required fixed capital of 604 billion Rials and the total working capital required for the project is 914 billion Rials. The total investment of the project is expected to come from the resources of the company's shareholders.

The sale of the plan in 1405 is predicted at fixed prices equal to 1,873 billion Rials. This figure will increase in the following years due to the increase in production capacity and will increase to a maximum of 4,689 billion Rials. The net profit of the plan has been positive in all years. The profit figure in 1405 is equivalent to 255 billion. The profit will increase in the following years and will reach a maximum of 856 billion Rials. The average annual profit of the plan is 713 billion Rials and the average profit margin is expected to be 17.4%. The internal rate of return (IRR) of the project is estimated at 46.9% and the payback period (PBP) is estimated at a maximum of 2.67 years. Also, the net present value of the project's cash flows (NPV) is positive and, taking into account the expected interest rate of 30%, is equal to 480 billion Rials.

The liquidity status of the plan and the payment of dividends to the shareholders from the company's funds are also suitable. Therefore, if the assumptions and predictions are fulfilled, the plan under consideration has favorable profitability and according to the financial results obtained, its implementation is recommended. The economic discussions of the plan are summarized as follows.

Table (19): Summary of Economic Features

Nominal Capacity and Unit of Measurement	Product Name	Title Of the Project with ISIC Code	Title Of the Project
3000 ton	Packaging of medicinal plants	Packaging of medicinal herbs (7495412379)	Medicinal plant processing plan
Required Human Resource (Person)	Equity Shares (Million Rials)	Total Fixed Capital (Million Rials)	Project Duration
50	914,314	603,500	24
B/C	Applicant Available Cash (Million Rials)	Net Present Value (NPV) (Million Rials)	IRR (%)
1.1	1,517,814	479,662	46.9
ROI (%)	NPV Ratio / Profitability Index (Rial per Rial invested)	Dynamic Payback Period (Year)	Normal Payback Period (Year)
47	0.52	4.49	2.67
Average Assets Turnover Ratio	Average Net Profit Margin (%)	Average Annual Profit (%)	Maximum Annual Sales (Million Rials)
2.59	17.4	647,451	4,689,400

8-8- Estimation of currency rate fluctuation during the project implementation

The currency rate at the time of evaluation is included as described in Table (20). The purchase and sale prices are determined with the energy exchange transactions and are adjusted to a large extent under the influence of the currency rate increase.

Therefore, currency rate fluctuations regarding the purchase of foreign equipment will be compensated to some extent by the income from sales which will have a little effect on the evaluation results. So, in the construction and implementation phase, if the financing of the project provided through foreign currency sources, the amount of required investment will not change much.

Table (20): Currencies exchange Rate

Unit of Measurement	Unit Price	Currency
Rials	413,204	USD
Rials	451,531	EURO

Exchange rate of Central Bank, Exchange Trading System (ETS) dated 05/25/1402

9) Investment Required, method of fundraising and guarantees

9-1- Foreign Currency Required

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

Table (21): Foreign (Fixed) Currency Required

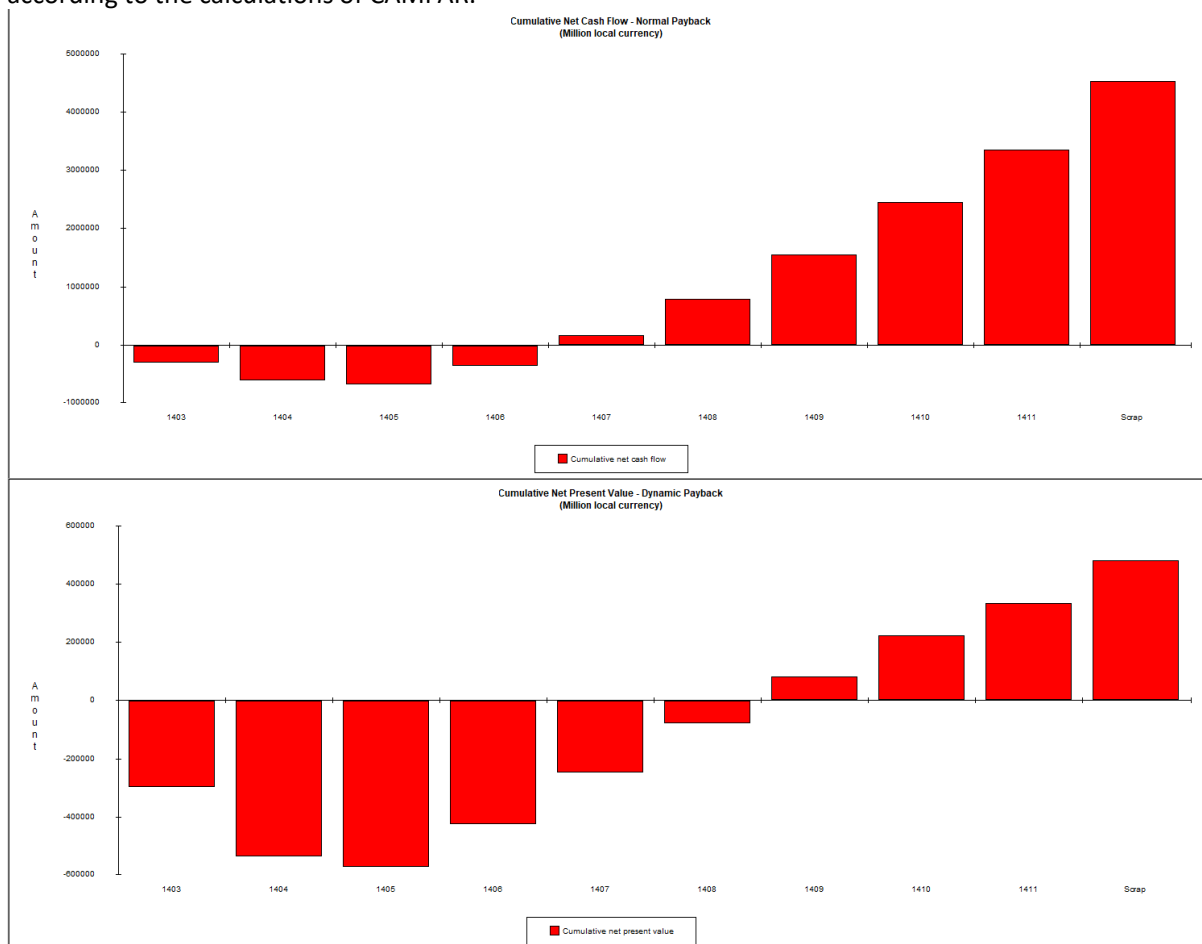
No.	Year	Required Investment
1	Year 1(405 SH)	0
2	Year 2	0
3	Year 3	0
4	Year 4	0
5	Year 5	0

9-2- Model Of Partnership and Fundraising

Participation in the present project and its fundraising process is predicted to be in the form of establishing a company inside Iran. The total required investment is predicted through the investor's contribution. Financing through local banks has not been included in the fundraising process.

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. The payback period (simple) of the plan is estimated to be 2.67 years (equal to 1407) according to the calculations of CAMFAR.



Dynamic Payback Period of the plan is also estimated at 4.49 years.

10) Incentives, features and benefits of the plan

Some of the financial supports for production companies are loans and bank facilities and tax exemptions which can facilitate the project implementation and provide the favorable condition for investment. In the following, some of these supports will be discussed.

One of the important bank facilities for production units is the long-time repayment period loans up to 70% of fixed capital by the Iran's state banks. This amount can be increased up to 90% for deprived areas if foreign machinery is used. The interest rate of long-term facilities in the industry sector is 23%, which in case of financial prudence, only a part of the interest can be repaid. The repayment period of long-term bank facilities is up to 8 years according to the production plan, the type of technology and the possibility of product exportation.

Another important bank facility is short-term bank loans (6 to 12 months) to use as working capital needed to carry out production processes, which will be provided up to 70% by bank communities. Obtaining short-term facilities to this extent depends on gaining the trust of the operating banks and having an acceptable financial history.

Tax exemption is another incentive for investors to establish factories. To name a few;

- Tax exemption for up to 10 years for implementation in deprived areas
- Tax exemption for up to 4 years for implementation in industrial towns

Investments in the project during implementation is of the investments in developed towns with industrial and mining activities. Since it is located within 30 kilometers of cities with more than 300,000 people, it doesn't have any tax exemption. But if it establishes in another industrial town within a range of more than 30 kilometers from cities with a population of more than 300 thousand people, it can get exempted from Article 132 of the Direct Taxes Law and up to 80% until four years after the date of operation from Article 105 (Direct Taxes Law)¹.

So, the effective performance tax rate (annual profit) can be reduced to 4% in the first 4 years, and then it will be considered on the basis of 20%. Obviously; If the project location is in one of the deprived areas, it will be subject to 10 years of 100% exemption.

If the produced Manufactured products (provided that it is in excess of the local market) can be exported to foreign markets, it can be exempted from Article 141 and 100% of the income from exports is exempt from taxes.

Obviously, If the legal personality of the partnership is defined as a public company accepted in the stock exchange market during its operation (in such a way that its shares can be traded with stock brokers), this type of company is subject to Article 143 of the Direct Taxes Law and up to 10% of the company's tax will be exempted.

1 - The exemptions of this article will not include the income of production and mining units located within a radius of 120 kilometers from the center of Tehran and 50 kilometers from the center of Isfahan, 30 kilometers from the centers of provinces and cities with more than 300 thousand people (according to the latest census).

Financial structure

11. Financial table:

Description	Local Currency Required			Foreign Currency Required	Total Euro
	Million Rial	Exchange Rate	Euro		
Total Fixed Investment Costs	603,500	451,531	1,336,564	0	1,336,564
Total Net Working Capital Requirements	914,314	451,531	2,024,919	0	2,024,919
Total Investment	1,517,814	-	3,361,483	0	3,361,483

- Value Of Foreign Equipment/Machinery: 0 Euro
- Value Of Local Equipment/Machinery: 329,988 Euro
- Value Of Foreign Technical Know-How: 0 Euro
- Value Of Local Technical Know-How: 3,449 Euro
- Net Present Value (NPV): 1,062,302 Euro Net present values discounted to: 1403
- Internal Rate of Return (IRR): 46.9% %
- Normal Payback: 2.67 year
- Minimum Attractive Rate of Return: 30% %

General information

12. Project Type: new Project Explanation / Rehabilitation project
 Name / Company name:
 Address: Khuzestan - IZEH city - IZEH industrial town
 Tel: 00989166035912 Fax:
 Email: a.taheri58@gmail.com Website:
 Local entrepreneur: Private Sector government /public sector