

## CONTENT...

EXECUTIVE SUMMARY	I
1. INTRODUCTION & BACKGORUND OF THE COMPANY	2
1.1 GSC MISSION	
1.2 GSC VISION	
1.3 OBJECTIVES OF THE COMPANY	
1.4 SUBSIDIARIES	
1.5 LOCATION	3
1.6 QUALITY POLICY	
1.7 GROWTH OF BUSINESS	
1.7.1 COIR	
1.7.2 WOOD SHAVING	
1.8 GROWTH OF GSC OPERATIONS	
1.9 STAFF	4
1.10 ORGANIZATIONAL SETUP OF GSC	
1.10.1 OPERATIONS DEPARTMENT	
1.10.2 ADMINISTRATIVE DEPARTMENT	
1.10.3 MECHANICAL DEPARTMENT	
1.10.4 PRODUCTION DEPARTMENT	5
1.10.5 MARKETING DEPARTMENT	
2. GSC PRODUCTS	6
2.1 MANUFACTURED PRODUCTS	
2.1.1 COCOPEAT	
A. COCO PEAT BLOCKS	
B. COCO PEAT BALE	
2.1.2 COCONET HUSK CHIPS	
2.1.3 COCO PEAT BRIQUETTE	
2.1.4 COCO PEAT TABLETS (DISCS)	
2.1.5 GROW BAGS	
2.1.6 EASY FILL BAGS	7
2.1.7 COCO POLE /PLANT SUPPORT STICK	
2.1.8 COIR FIBER POTS	
2.1.9 HANGING BASKET	
2.1.10 COIR FIBER (CUT FIBER, MATTRESS FIBER)	
2.1.11 COIR BRISTLE FIBER (WHITE, BROWN, BLACK)	
2.1.12 TWISTED FIBER	
2.1.13 COIR NET	8
2.1.14 COIR LOGS	
2.1.15 FRESH COCONUT	
A. BALL NUT	
B. SEMI HUSKED NUTS	

2.2	PRODUCTS UNDER RESEARCH & DEVELOPMENT	
2.2.1	COCO SOIL	
2.2.2	COIR GROW	9
2.2.3	COCO PLUGS	
2.2.4	COCO SEEDLING TRAYS	
2.2.5	COIR LAWN	
2.2.6	COCO TURF	
2.2.7	COCO GARDEN	
2.2.8	COCO ROOF	
2.3	PRODUCTION METHODOLOGY	
2.3.1	PROCUREMENT OF RAW MATERIAL	10
2.3.2	WASHING	
2.3.3	DRYING	
2.3.4	SCREENING	
2.3.5	MIXING OF ESSENTIAL MINERALS	
2.3.6	TESTING	
2.3.7	BAILING	
2.3.8	EXPORT	
3.	GSC SWOT	11
3.1	OUR STRENGTHS	
3.1.1	LOCATION	
3.1.2	MARKET PLACE	
3.1.4	GOVERNMENT POLICY	
	A. TAX CONCESSIONS ON INVESTMENTS	
	B. GREENER ECONOMY PROJECTS	12
	C. FREE TRADE AGREEMENT	
3.1.4	WAGES & SALARY RATES	
3.1.5	RAW MATERIAL	13
3.1.6	OTHER SERVICES	
3.1.7	GSC AS AN ACTIVE BRAND NAME & QUALITY OF PRODUCTS	
3.1.8	PRESENT WORK FORCE	
3.1.9	INFRASTRUCTURE, STORES & OTHER STRENGTHS	
3.2	WEAKNESSES	14
3.3	OPPORTUNITIES	
3.4	THREATS	
4.	MARKETING STRATEGY	15
4.1	MARKET EXPLORATION	
4.2	SALES FORECAST	
4.3	PRESENT EXPORTS	
5.	FUTURE BUSINESS PLANS OF GSC	16
5.1	COCO PEAT SUBSTRATE	
5.2	WOOD SHAVINGS	17
6.	INVESTMENT OPPORTUNITIES	18
7.	FINANCIAL PROJECTIONS	19
7.1	GSC APROX. PRESENT INCOME STATEMENT PER ANNUM	
7.2	GSC APROX. PRESENT INCOME STATEMENT WITH 60 MILLION INVESTMENT PER ANNUM	
8.	GSC ROAD MAP FOR THE NEXT 03 YEARS	20
9.	ACHIEVEMENTS	21
10.	CONCLUSION AND RECOMMENDATION	
	ITI REPORT	22
	REFERENCES	23

## EXECUTIVE SUMMARY

Green Scape Coir Exports (Pvt) Ltd. (Referred as GSC) found and owned by Mr. Charles De Silva and the Company is registered as a Limited Liability company under the companies Act No. 07 of 2007 as a Coconut & Wood Shaving based manufacturer and export oriented organization in Sri Lanka.

Since 2000 GSC on the process of exporting Coco Peat in bale form to worldwide including European Countries, Middle East Countries, Eastern Asia including Japan, USA & Canada, African Countries, Australia, Peru & Dominican republic of South America for Horticultural and farming uses and in 2007 GSC started exporting wood shaving based product for Horse Bedding & Animal Farming with a huge demand of Arabian-Gulf region. The Company is in the process of operating with the natural eco-friendly environment towards its success by being a premier Coir & wood shaving based manufacturer of Sri Lanka by giving all the Customers quality assured products and service.

GSC is in the world market for a considerable years so far and has closely monitored the market trends and fluctuations about various products. In this case GSC has identified venues to invest for a great recovery and maintain profits to its investors and has planned to enhance the business mainly in Coco peat substrate & professional manufactured wood shaving products as it is practically identified the market demands and trends towards these products.

Therefore GSC's plan to enhance the production turnover upto Rs.100 million in the year of 2014 as GSC practically identified the availability of raw material supply in Sri Lanka and the present market capacity that are still in demand without a proper supplying sources.

GSC identified their strengths to enhance the business as follows; its location, as a market place, government policies, tax concessions & greener projects encouraged by the Government, wages & salary rates of Sri Lanka, availability of raw material, total services solutions GSC can provide, GSC existing brand name & quality of the products, present work force, infrastructure, stores & other facilities. Also GSC endeavoring to minimize the weakness of drying process getting affected by rain in the rainy season by developing the drying areas with the technology. Also GSC unveiled many opportunities in the world-wide market to be a strong supplier of coco-peat and other products as the all regions now looking for greener economy and construction with the new development projects. Few Asian countries can identify as a threat to the GSC market but the availability of supplying sources can be minimized the threat.

Present GSC market included by European Union countries, African countries, Far East countries, Middle-east countries, North & South American countries and the company explored this market through various trade exhibitions, web and other trade related business information sources.

The Company now in the process of expanding their future business mainly in Coco peat substrate with value added substrate and Professionally manufactured wood-shaving as GSC management experienced this as a lucrative market space.

GSC present total turnover is nearly hundred Rs. 115,000,000 per annum considering the end of the year 2013 with the increase of 15%-20% annually with the market explorations through worldwide exhibitions such as IPM (International Trade Fair for Plants) Essen 2014 Exhibition in Germany with the assistance of Sri Lanka Government, internet & web based marketing and advertising.

As GSC is a presently active manufacturing company with the investment of 60 million GSC intends to gradually minimize the administration expenses, wages and other related expenses with the raising of working & production capacity without doubling the expenses as shown in the financial review.

Therefore now GSC intend in tie-up with new investors and invite them to actively taking part in this project for profit sharing investment with beneficial terms and agreements. Sending this Business Proposal GSC mainly focus to give an initial idea of the Company, its products and operations for investors to make a space for think and request a step forward for a detailed Project report with financial estimations upon their field of interest of this initial proposal.

## 1. INTRODUCTION & BACKGORUND OF THE COMPANY

Green Scape Coir Exports (Pvt) Ltd. formed by Mr. Christopher De Silva, who is the present Director and the Owner of the company in the year 2000 as an export oriented business mainly to deal in all Coconut based products, Spices, and Coconut based Coir products in the initial stage.

Since then, the company has grown one of the largest manufacture and exporter of coir product from Sri Lanka & only one professional exporter of the Wood shavings products.

Despite, obstructions and competitiveness had to face as a new comer to the Coir trade with the presence of big-players already in the trade, Mr. Christopher De Silva's hard work and effort brings the Company to a level best extend defining all the difficult circumstances occurred time to time. Before Mr. Silva started on his own, the thorough & strong working experience heearned working with Sri Lanka's No 01 Companies has made him an iron fist to facing all the challenges and fluctuations to make a successful height.

### 1.1 GSC MISSION

To consistently deliver high quality,eco friendly coir products to customers total satisfaction by committed adherence to proven processes and latest technology,spurred by set of committed individuals who are driven by an irrepressible desire to work as a team towards a common goal .

### 1.2 GSC VISION

To be recognized as the premier coir product manufacture in Sri Lanka.

### 1.3 OBJECTIVES OF THE COMPANY

The company has its objectives based on the general management concept of SMART.

**S - SMART**

**M - MEASURABLE**

**A - ACIEVABLE**

**R - REALISTIC**

**T - TIME BOUND**

- To achieve a turnover of Rs.100 million by the year of 2013-14
- To focus on cost reduction and technology up gradation in order to become competitive in each line of business.
- To constantly innovate and develop new products and services to satisfy customer requirements.
- To compete through speed, agility and flexibility in recognizing and capturing opportunities in existing markets.
- To invest sufficiently to stay in the game but avoid premature commitments.

### 1.4 SUBSIDIARIES

One of the biggest gains of GSC is, forming up a subsidiary company as "Wood Shaving Lanka" for the purpose of wood shaving exports operations in 2012.

## 1.5 LOCATION

The Company spread in the Northern & Western Part of Sri Lanka with 03 operating units which has the advantages of Transportation, Logistics & Port, Warehouses and Labour. Head office located in Colombo in the western province near to the Colombo port and Katunaike International Air Port and other operational units located in Nothern province which is also near to the newly built Hambantota Harbor and Mattala International Air Port.

## 1.6 QUALITY POLICY

The company employs the concept of Total Quality Management. The main aim of the organization is to obtain 100 % satisfaction of its customers by supplying fine and high quality products. The company is in the process of obtaining ISO 9014 Sri Lanka Standards Certificate. Obtained the test certificate from (ITI) Industrial Technology Institute.

## 1.7 GROWTH OF BUSINESS

The very first products which are the company served are coir based products mainly produced manually since the GSC owns less resources and assets and gradually the company expanded with machineries and varieties of high-end export products, gaining a reasonable share of the global market with making inroads into new market and product avenues, due to the endless efforts of the entire staff who willingly promoted business and client friendly service to all the customers.

### 1.7.1 "Coir"

Coir is a versatile natural golden fiber extracted from the protective husk of coconuts and the residue after the extraction of fiber from the husk of the Coconut is Coco Peat (Coir Pith). Coir can be spun into a wide range of products that possess eco-friendly characteristics. Green Scape Coir Exports (Pvt) Ltd produces several products from this marvelous Coconut husk into growing media for plants in the Horticulture and Floriculture fields more effectively.

### 1.7.2 "Wood Shaving"

Wood Shaving is the a general term for the waste materials obtained by cutting, or chipping, larger pieces of wood with woodworking machine tools made by the woodworking industry. The different types of wood shavings have special names, for example, waste from saws is called sawdust. Wood shavings are often used as bedding requirement for animal farming, as abiomass solid fuel and They may also be used as an organic mulch in gardening, landscaping, restoration ecology and various cultivations.

## 1.8 GROWTH OF GSC OPERATIONS

GSC visited and participated many Agricultural & Exporters' Exhibitions worldwide to get organized all arrangements to cater its customers and initially used to outsource its activities because of its lack of facilities such as machinery and infrastructure. At the beginning GSC had only ten workers (employees) and extra capacity outsourced within other related companies and individuals such as collecting coco peat from the coconut triangle.

Present Operations of GSC based in the following areas and The Company is already in the process of developing several value Addition novel garden coir based products requested by several Buyers in EU and USA. Nowadays GSC has its own collection system and experimenting new value added products with coco peat.

- Coir and wood-shaving based horticultural inputs, Landscaping, Constructions.
- Coir and wood-shaving based products for poultry and other animal farming/ animal bedding.

GSC TOTAL EXPORTS FROM APRIL 1ST 2012 TO 3RD DECEMBER 2013 = Rs. 115,292,220.49



## 1.9 STAFF

During all the operations which brings GSC to this success not only Mr. Silva's endless efforts and strength behind it but also the GSC staff who entire staff who willingly to promote business and client friendly service to all our valuable customers. GSC has increased the number of staff as to 20 members with the expansion of sales which is initially was 8 and are professionally qualified in Administration, Finance, Logistics, Sales & Marketing and Agricultural experimental areas. The total number of factory workers are 60 except the large number of indirect employees and small scale Industries and due to the its operations GSC indirectly taking part of the social service of these rural areas and increasing the well-being of the people.

## 1.10 ORGANIZATIONAL SETUP OF GSC

Green Scape Coir Exports (Pvt) Ltd has various indigenous departments for carrying out the activities. The departments of the organization are as follows. The managing director and the director take care of the day-to-day administration and marketing. There are five functional departments. They are as follows.

- Operation department
- Administrative department
- Mechanical department
- Production department
- Marketing department

### 1.10.1 Operations Department

The operation department has 3 sub departmental sections namely the project development department, safety and security department and the vehicle department. Each department is being headed by a head and also accompanied by supervisors.

Goals of the Operations Department

- To use the internal transportation vehicles efficiently and thus minimize their costs.
- To ensure the safety and security of the company and its employees.
- To maintain the roads, buildings and other infrastructure of the company and also create Green belts.

### 1.10.2 Administrative Department

The administrative department is the one, which takes care of the administrative activities including Human resource, legal, logistics and costing. The department has a manager assisted by clerk.

Goals of the Administrative Department

- To plan and manage the human resources required for the company.
- To maintain the books of accounts and thereby comply with the norms of Lanka Accounting Standards.
- To efficiently coordinate with Production department by arranging container boxes on time and thereby ship the orders on time.

### 1.10.3 Mechanical Department

The mechanical department maintains all the mechanical aspects of the organization. It includes machinery maintenance (mechanical and hydraulic), workshop department and the purchase department.

Goals of the Mechanical Department

- To maintain the machineries efficiently and thus reduce its idle time.
- To ensure that the required spare parts are available on time in stores.

### 1.10.4 Production Department

The production department is headed by the production manager and assisted by 3 other managers for each production unit. The supervisors accompany the assistant managers. The purchase department and the quality department also fall under the production department.

Goals of the Production Department

- To complete the orders received from customers on time.
- To produce quality Coco Peat based products exactly as per customer requirements.
- To use the production facilities and resources at optimum level and thus minimize wastage.

### 1.10.5 Marketing Department

The marketing department is managed by the Managing director and he carry out prime strategies to market his products to the world.

Goals of the Marketing Department

- To explore into the world of business
- To trap potential buyers.
- Gather essential information about buyers and the countries importing the products.

## 2. GSC PRODUCTS

Green Scape Coir Exports (Pvt) Ltd. manufactures various products out of Coir for various end uses and our research & development section is testing to introduce some value added coco peat to our customer. The range of existing products and the product under research phase as follows.

### 2.1 MANUFACTURED PRODUCTS

#### 2.1.1 COCOPEAT

##### A. Coco peat blocks

Green Scape Coir Exports (Pvt) Ltd's coco peat blocks are available in individually wrapped or naked 4.5kg or 5kg blocks



##### B. Coco peat Bale

Green Scape Coir Exports (Pvt) Ltd's coco peat bale are available in naked 20kg or 25kg forms.



#### 2.1.2 COCONET HUSK CHIPS

GSC coconut husk chips are ideal substitute for wood bark in flower pots and flower bed decorations and many orchid varieties. Ideal for soil aeration. Help micro-organism activity improves water holding capacity promotes optimum soil temperature.



#### 2.1.3 COCO PEAT BRIQUETTE

A 100% natural organic growing medium, giving high breakout volume because of its compressed form. GSC briquettes are available individually and are suitable for potting media, hydroponic growing or as retail products.



#### 2.1.4 COCO PEAT TABLETS (DISCS)

Coco peat tablets are produced from washed and dried coco peat, and compressed at 7:1 usage include plant starters, with the tablet being inserted directly into the pot and water added.



#### 2.1.5 GROW BAGS

A unique product, which comes as compressed slabs in poly sleeves. It is widely used in the horticulture and hydroponic green house industry for growing vegetables such as tomato and cucumber. It is in the floriculture industry for roses, gerberas and many other high demand seasonal and non-seasonal flowers. Coco peat grow bags are also used to grow fruits such as strawberries. The high fiber content of the coco peat grow bags provide high capacity for better root development. Combined with recommended nutrients and fertilizers the coco peat medium encourage stronger plant growth. Fertilizer uptake is more uniform than with other substitutes and this can overcome nutrition problems. Currently we produced many different size of coco peat grow bags and some are identical to common Rockwool slabs. In addition to standard size, we can also produce coco peat grow bags according to the buyer's individual requirement.



#### 2.1.6 EASY FILL BAGS

One of the most demanded bag with open top single plant holder. Dimension 23 x 18 x 18cm, 15 x 15 x 18cm, 10 x 10 x 15cm Easy Fill Bag popular growing system. Popularly used in Green tomatoes, cucumbers and capsicums. They 100% Hydro (Coco chips) or both Mixed. reduces the risk of contamination. Size & varied from Client to Client depending on adding water. Can be packed in crates or



Mediums for Green House soilless houses for Vegetable such as can be produced in 100% Peat. This saves cost in watering and Weight of Planter Bags are also the expansion requirements after Cartons and then in Pallets

#### 2.1.7 COCO POLE /PLANT SUPPORT STICK

100% environment friendly, bio-degradable coconut fibers are bound to PVC tubes to give an ideal plant support and growing aid. Their high water holding ensures that the plant grows more vigorously. They can be used in clay or plastic pot, in plant nurseries, horticulture farms or as decorative items in domestic and commercial uses.



#### 2.1.8 COIR FIBER POTS

Manufactured by using high pressure. Their porous nature allows plants to decompose after transplanting. They in the horticulture and nursery



to bond coco peat and latex from rubber trees. roots to pass through after transplanting and untreated natural products they gradually minimize stress and have wide application industries.

#### 2.1.9 HANGING BASKET

We providing a cost effective and very reliable alternative to expensive hanging baskets. They are bio degradable and eco-friendly. Coir hanging baskets are furnished by rubberized coir molded



#### 2.1.10 COIR FIBER (CUT FIBER, MATTRESS FIBER)

We supply high quality cut fiber special for export market. Our product are made from natural fiber taken from coconut husk cleaned & compressed in to bales. most of our product used as raw material for car seat filler, furniture, car dash board, geo-textile, erosion control, ropes etc.

#### 2.1.11 COIR BRISTLE FIBER (WHITE, BROWN, BLACK)

We can supply bristle fiber with length cuts or without cut and available in natural color or dyed colors. Bristle fiber mostly use for coir twine and brush industry.

#### 2.1.12 TWISTED FIBER

Mattress and Bristle fiber are mixed in different ratio and mechanically twisted to form the spring curling effect.



### 2.1.13 COIR NET

Geo textile Net woven with coir fiber is not treated with any chemicals, and is the perfect medium to protect slopes against erosion.

### 2.1.14 COIR LOGS

The products is a uvular (cylindrical)knitted mesh stuffed with coir fiber ,used for erosion control on the bank of rivers and lake .The knitted mesh or outer sleeve is made from machine –spun natural coir fiber Twine. It can also be made from Synthetic rope.

### 2.1.15 FRESH COCONUT

Carefully picked from selected coconuts estates in Sri Lanka. GSCE Pvt Ltd strives to ensure that coconuts are matured with the utmost regard to high quality and supplied according to customer specification .Our quality controllers work hard to provide our clients with coconuts of ideal mat unity and size.

#### A. Ball Nut

Full matured dried fresh coconut weight over 650grams

#### B. Semi Husked Nuts

Fully matured dried semi husked nuts. Size over 11' ,13' , 15'(Jumbo Nuts)



## 2.2 PRODUCTS UNDER RESEARCH & DEVELOPMENT

### 2.2.1 COCO SOIL

Buffered /Treated Coco Peat (Coir Pith) Substrates with various additives and mixtures suitable for flower and vegetable cultivations. The Coco Soil Substrates is available in loose material used for growing pot plants, bedding plants, pressed blocks.



### 2.2.2 COIR GROW

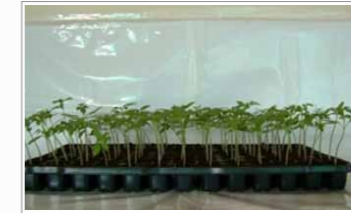
Buffered /Treated Coco Peat (Coir Pith) in loose form packed in bags as base for plant growing media. Used for producing plugs and seedling purpose.

### 2.2.3 COCO PLUGS

The Coco Peat (Coir Pith) Substrates compressed with paper pot, used for plant propagation purposes.

### 2.2.4 COCO SEEDLING TRAYS

Coco Peat (Coir Pith) Substrates is filled in cavity Trays of different seedling raising & germination purposes.



### 2.2.5 COIR LAWN

Coarse Coco mix material for outdoor landscaping purpose.

### 2.2.6 COCO TURF

Medium Coarse Coco mix material for indoor landscaping purpose.

### 2.2.7 COCO GARDEN

Special Coco mix material for Interior Plants and Garden.

### 2.2.8 COCO ROOF

Special Coco mix material for Roof Garden.

## 2.3 PRODUCTION METHODOLOGY



### 2.3.1 PROCUREMENT OF RAW MATERIAL

The raw material for the process is in the form of coco pith and coir. The raw material is procured from various parts of down south where there is abundant supply of coconuts. Minerals are either mixed in the raw material form or later in the manufacturing process.

### 2.3.2 WASHING

The raw material thus procured is subjected to vigorous washing process preferably 2 cold washes followed by a hot wash.

### 2.3.3 DRYING

The washed material is then allowed to dry for about a day in order to remove all the excess water .Fig 3.1 shows the drying yard where in heaps of the washed raw material is allowed to dry under the influence of sunlight.



Drying yards

### 2.3.4 SCREENING

Once complete drying of the raw material has been accomplished, thorough screening is done to eliminate any unwanted lint and dust away from the raw materials.

### 2.3.5 MIXING OF ESSENTIAL MINERALS

Nutrient material is added to assure that the growing media really serves the purpose. Essential minerals like N,P,K are added to nourish the growing plant.

### 2.3.6 TESTING

The proto sample is created and it is then sent to the laboratory to test whether the produced sample meets the requirements of the buyer. If there are any issues then the process is rectified or else it is sent for bulk production.

### 2.3.7 BAILING

After bulk production is effected the manufactured products are sent in for bailing.

### 2.3.8 EXPORT

Bailed materials are then exported to various parts of the world.

## 3. GSC SWOT

### 3.1 OUR STRENGTHS

#### 3.1.1 LOCATION

GSC Coco Peat factory located in Wallasmulla area in southern Province of near to its capital of Hambantota district which is recently accommodated Annual General Meeting of the Heads of Common Wealth Organisation in 2013.

Hambantota District now in the center of attention since recent government came into power through the same area. The current government started developing Hambantota about 5 years ago and today through major developments making it one of the country's best infrastructures, which included a Harbour, Airport, and International sports venues at which the Last Cricket World Cup number of games took place. Since the major economic developments undergoing in this area many new project such as Power plants and many manufacturing projects moved as it is a ideal place which gives huge benefits in infrastructure, Transportation, Logistics and Labour. Therefore locating in Hambantota now becoming the wiser decision that GSC have been made.

GSC head office is located in the center of the Sri Lanka's commercial district of Colombo and easy to access the all the facilities such as Port, Customs, Shipping Lines, Air Port and other relevant offices with easily monitoring manufacture process to shipping point.

Also GSC establish in the middle of all its client countries and it made an easy to access point. This leads the GSC to be very efficient in supplying clients' needs with minimum shipping cost and delivery dates. As an example Gulf range is a lucrative market for these products and GSC serves faster than Vietnam, Indonesian and Philippines countries since the advantage of location it is practically known that the Sri Lanka is the best port to reach within 10-15 days, which gives apparently low-cost.

In comparison with other European countries, customers can purchase their goods within a considerable short transit time from us since we have short time consuming vessels such as 4 days, 9 days and 10 days which are direct vessels to gulf sector where they can transport their cargos with a very low transportation rate. Sri Lanka is considered to be the only country which can be reached within maximum of 10 days to any Gulf Arabian port.

Example :	Colombo to Salalah port	-	4 days direct service
	Colombo to Musket	-	9 days service
	Colombo to Doha	-	10 days service

#### 3.1.2 MARKET PLACE

Except the location vise Sri Lanka is a very good market place comparatively to the Government encouragement to Investors, cheap labour cost, Shipping & Logistics Cost and unbeatable product quality.

#### 3.1.3 GOVERNMENT POLICY

##### A. Tax Concessions on investments

After the end of the war, the 2010/11 tax policies were revised to encourage and open the doors for more investments in the country. With this in view, a series of tax incentives by way of tax concessions — concessionary tax rates, tax reductions and allowances were given to encourage investment.



## B. Greener Economy projects

Also Sri Lankan Government identified the need to invest in green economy projects and green growth was emphasised in several Government & Environmental discussions and forum recently. It is highly encouraged to invest in Environmental friendly business and projects as it is widely believed that climate change is largely a result of manmade greenhouse gas (GHG) emissions and if no action is taken, is likely to intensify. Other environmental challenges like water quality and availability, deforestation, loss of biodiversity, worsening soil condition are increasing alarmingly. In the wake of these issues, everyone is looking for alternatives and that's why solutions like green economy, green growth are discussed.

GSC products are the right tool to make our earth as green with saving water. These products are 100% nature friendly and are made from 100% natural products of Coconut Husk. In general agricultural practice, the fertile land is developed using a huge quantum of water and fertilizers for cultivation. But the products delivered by GSC offers a right solution through which the cultivation of land can go on without using too much of water, fertilizers or manure.

Coco peat for an instance our product is 100% Natural, Organic, Renewable and Eco-friendly and a better alternative for the Peat-moss. Now it is a new trend that the planters and growers recommend natural products minimizing peat mining and causing environmental degradation.

## C. Free Trade Agreement

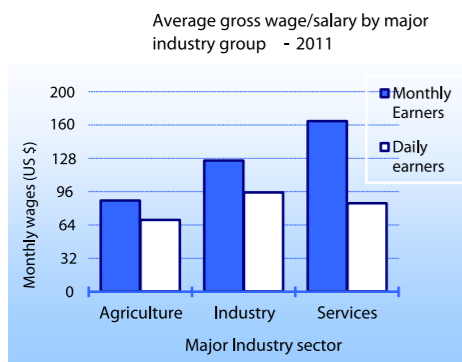
Also with the Free trade agreements currently the BOI is looking at attracting investment in sectors such as export oriented Manufacturing, export oriented services, Tourism &, tourism related projects, Infrastructure project, Higher education and skill development, Agriculture and / or Agro processing and Coconut based Industry development, Dairy development, Fish based industry, establishment of Industrial estates, Special economic zones, knowledge and many other sectors.

### 3.1.4 WAGES & SALARY RATES

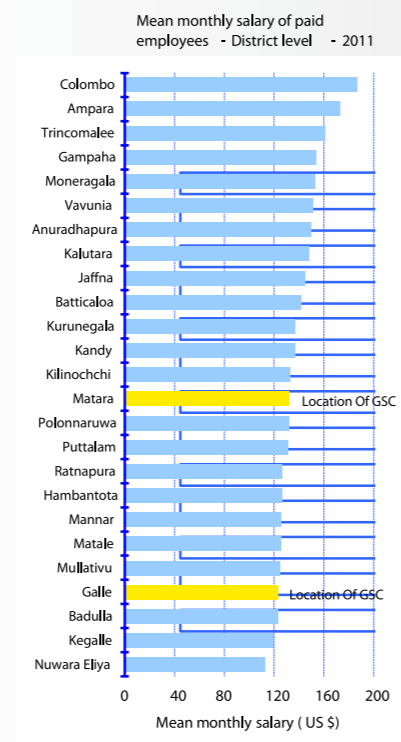
Sri Lankan labour costs mainly came to discussion with the practice of apparel industries and investing on other is apparently low and the quality of labour is skilled when it's comparing to the other regions.

As per below tables it is easy to compare the average wages/salaries with any country.

(In US\$)



“SRI LANKA LABOUR FORCE SURVEY ANNUAL REPORT – 2011”



On the other hand among the Sri Lankan distribution of wages the areas which GSC spread is apparently gives a low wages rate as per “Sri Lanka Labour Force Survey Annual Report – 2011”

### 3.1.5 RAW MATERIAL

Raw material use for Coco peat & Wood-shaving industry are by products of other industries and available for collections at a low rates.

Eg. Wood shavings 500 tons available per month

Coco peat 10,000 tons available per month

### 3.1.6 OTHER SERVICES

Apart from coir products the company also performs few other services to make the process very effective under one roof.

- The company has been arranging trailers for transportation of the containers from Green Scape Coir Exports (Pvt) Ltd to Colombo Port.
- The company provides world class logistics arrangement for delivering containers to the destination port and also facilitates door delivery with minimum cost.

### 3.1.7 GSC AS AN ACTIVE BRAND NAME & QUALITY OF PRODUCTS

GSC brand is actively engage in present market with exporting approx. 7000 tons per year.

Therefore for the investors it is a huge advantage for invest with the continuation of the products and see the profits within minimum projected period.

As the world market standards and the practical marketers analysis it is widely come to an attention that the quality of the Sri Lankan Coir and Woodshaving based products are very high and GSC is the only one company which gives professionally processed woodshavings to world market from Sri Lanka.

Comparatively, our product is better and the operational price is much cheaper than the European market. Cost will be able to cut down by nearly 20% with the following strategies.

- If we have a better financial strength we can buy material on cash and save a considerable amount.
- Our shipping and logistics rates are very comparing to the European and most of the Asian countries.

### 3.1.8 PRESENT WORK FORCE

Green Scape Coir Exports (Pvt) Ltd has various indigenous departments for carrying out the activities. The departments of the organization are as follows. The managing director and the director take care of the day-to-day administration and marketing. There are five functional departments. They are as follows.

- Operation department
- Administrative department
- Mechanical department
- Production department
- Marketing department

### 3.1.9 INFRASTRUCTURE, STORES & OTHER STRENGTHS

- More than 50 acres of land at three different locations in Wallasmulla
- Well-equipped machineries and processing technology
- Work force strength of 200 workers
- The area receives a monsoon every year
- Consists of a 24 hours Quality Control System
- Has the biggest network of raw material suppliers.
- Buyer specific recipe is added.
- Research & Developments are undertaken to add what is required.



### 3.2 WEAKNESSES

Drying process is affected by rains and necessary to develop drying process in the rainy seasons as well to continuation of the supply.

### 3.3 OPPORTUNITIES

- On going development works in Middle-east are green theme oriented and make a huge market for Coco peat as a landscaping material and growing substrate. We have this great opportunity to supply our Coco peat in bulk forms and as value added form with added nutrients and fertilizers.

e.g. Co Co peat is highly demanded in Doha for the on going works in Doha Air Port, Al-Wakrah Vagina stadium for 2022 FIFA Worl Cup, Al Khor Stadium, Umm Slal Stadium, The Amphibious 1000 resort project, Al Shamal Stadium, Entertainment city or Quatar, Barwa Commercial Avenue.

- Campaign for Green World
- Coir Peat would be an ideal substitute for growing medium market comparatively Peat Moss
- It is a trend now Peat Moss is becoming to a less usage among the planters and growers due to its high environmental impact caused by peat mining in wetlands.

### 3.4 THREATS

Intense competition from India and Thailand as they now export the same products but we still have the positive points of quality and more margins with effect from shipping, Location and availability of raw material and labour.



## 4. MARKETING STRATEGY

### 4.1 MARKET EXPLORATION

GSC managed to participate worldwide Exhibitions and horticulture & Planting, Trade fairs and its products highly recognized by the giants in the trade and by users. Following are the main Trade exhibitions which are GSC participated. GSC managed to found many orders and customers through these and the company able to spread information about themselves by advertising through industry profiles, trade journals, newspapers, magazines, web and various POSM's.

2009	Horty Fair Exhibition (Holland)
2010	Horty Flora Exhibition (China)
2010	Gradex Tokyo (Japan)
2010	IFTF Exhibition (Netherlands)
2011	IFTF Exhibition (Netherlands)
2012	EXPO Exhibition (Sri Lanka)
2013	CHOGM Exhibition (Sri Lanka)

### 4.2 SALES FORECAST

The turnover of the company is expected to reach Rs.100 Million by the year 2014.

### 4.3 PRESENT EXPORTS

Through the successful implementation of the marketing strategy, Green Scape Coir Exports (Pvt) Ltd is able to export its products to the following nations.

#### EUROPEAN UNION

- Netherlands
- Belgium
- France
- Germany
- Italy
- United Kingdom

#### AFRICA

- Kenya
- Ethiopia
- Tanzania

#### FAR EAST

- Australia
- Korea
- Japan

#### MIDDLE EAST

- Iran
- Oman
- Qatar

#### NORTH AMERICA

- U.S.A
- Canada

#### SOUTH AMERICA

- Peru
- Dominican Republic

## 5. FUTURE BUSINESS PLANS OF GSC

GSC is in the world market for a considerable years so far and has closely monitored the market trends and fluctuations about various products. In this case GSC has identified venues to invest for a great recovery and maintain profits to its investors has planned to enhance the business mainly in COCO PEAT SUBSTRATE WITH VALUE ADDED COCO PEAT & PROFESSIONALY MANUFACTURED WOOD SHAVING PRODUCTS as it is practically identified the market demands and trends towards these products.

### 5.1 COCO PEAT SUBSTRATE

Coco peat is coir fibre pith which is derived from coconut (cocosnucifera) husks (by-product of coconut husk) where it can mix with any kind of soil to grow plants. It has a stable material structure and provides optimal air porosity and water retention quality which help plants to grow vigorously. Also it is rich in naturally balanced pH and now it has come to a greater recognition as a soil conditioner by the world-wide planters and growers since this product is Natural and Eco-friendly and the best option to the peat moss as peat moss is environmental hazard since it causing land mining and slow renewability.

Since 2000 GSC on the process of exporting Coco Peat in bale form to worldwide mainly to gulf region specially to Oman, Saudi Arabia, Kuwait and Iran. Recently the trend of this region has become to an "Green" theme to minimize the damage to the environment by areas and now eventually it will come to an end of mining the wetlands for "Peat-moss" and it is greatly recommend to use "Coco Peat" instead. Also the material structure and it's properties is much better suitable as a growing medium and a soil conditioner than peat moss or other material. On the other hand it is easily renewable when it is comparing to peat moss and more available.

GSC now on the process of starting value added coco peat as per the clients orders by adding nutrients and fertilizers to coco peat.

### 5.2 WOOD SHAVINGS

GSC started wood shaving bale manufacturing process for poultry farms under GSC company brand in 2007 to its worldwide customers and mainly for the Middle-east countries .

Initially it was a small scale operation and only few people engaged in collecting wood shaving from saw mills within the area. But gradually the business has improved as the competitiveness of the quality and price and GSC managed to create a recognized portion within the market. This gradual improvement of the business create an increased demand for the products and handful of difficulties came across in fulfilling the said demand such as lack of storing facilities, lack of drying facilities own by GSC, slow collection and manufacturing process and difficulties of moving stocks with transportation.

It was a turning point of the Company and GSC tighten the fist to move a step forward and as a result of the issues occurred GSC invested on their own to minimize the issues occurred and to expedite the customers orders and was practically knew that it was a great opportunity establishing a strong future. Therefore minimizing of stagnating orders and the inconveniences faced in collecting wood shavings, drying process, and moving stocks GSC purchases a wood shaving bale pressing machine and was able to rent a warehouse in Homagama Town of Western District near to the GSC Head Office and Colombo Port with a great saving of time and saving of huge amount had to pay for the transportation and for the logistics and it is very convenient to monitor the shipments very closely.

GSC made another huge step forward in the year 2013, by starting wood shaving manufacturing process in a graded standard as a professional manufacturer and it is highly standardizing the manufacturing process for horse bedding products. As a result of that GSC now able to cater all the counties which has a high end demand for Horse Bedding specially Middle-east Countries and a great support to catch new market places like Japan region.

The reasons of becoming our wood shaving products first in the world market list because of its unbeatable quality, competitive price and recently European wood shaving supply for world market has been dropped down to a certain extent allowing to Asian countries to remain supplying pine wood shaving for gulf sector. Sri Lankans are now in the stage of supplying with the high quality pine wood shavings from upcountry. Therefore GSC too is desirous of experimenting the same in order to move forward with the current demands at the world market for pine wood shavings specially for horses & wood shavings for poultry farming.

High Country wood shavings can be used at private horse farms and ranches, as well as commercial facilities, including:

- equine farms / horse farms
- horse training facilities
- horse racetracks
- equestrian facilities and centers
- polo grounds / polo clubs
- horse ranches
- horse boarding facilities
- horse arenas

In order to achieve this target GSC has invested in installing a line of shredding machineries to produce own shavings and to ensure a continuous steady supply for our new products.



## 6. INVESTMENT OPPORTUNITIES

Presently the company have an aim of expanding their service to a greater extend as Mr. Silva seek more capital of gaining more profits in this lucrative market with the investment of nearly Rs. 60 million with interested Investors and it is a great encourage for achieve the target market & profits as Green scape coir products (pvt) Ltd. is a well-known actively engaged brand name in the today's market.



GSC's intention is to tie-up with a few recognized companies, actively engaged in this field, as our sole collaborator/Partner, to promote all our products in their region, so that both involved can gain a considerable market share and be benefitted. Our proposals to work out these schemes are as follows.

1. To market our products under your Label
2. Distribute our products under our tag with your profit sharing investment.
3. To jointly manage the Local industry, on agreed Terms and market the products Internationally, also by adding several other innovative products to the Distribution Line.
4. To jointly set up a medium scale 'Green House' where Plants purchased from out-growers can be prepared by Nurturing under our care until exported. It can be cost effective and a regular supply can be assured.

Since GSC is presently active company it is a great advantage for Investors as GSC has projected to explore the profits during a very short time period.

With following accounts figured GSC intend to extend the idea of the total expenditure of the company and projected profit margins after the investments assuming it as for Rs. 60 million and GSC planned following expansion with the investment.

- Invest in value added coco-peat and other new products that are successfully processed the experiment level
- Buy raw material on the cash by hand and make a 20% margin on it than buying it on credit base.
- Construct a warehouse in Southern province Beliatha factory costing aprox. 3 million with 5000 sqft to expedite the operations through southern port.
- Set up a drying area of nearly 2 acres for Beliatha Factory.
- Purchase New Machines for Bailing – 90 bales production capacity per day costing aprox. 5 million (manufactured in China) to expedite and continuation of large orders.

## 7. FINANCIAL PROJECTIONS

### 7.1 GSC APROX. PRESENT INCOME STATEMENT PER ANNUM (based on 2013 figures)

	(In Sri Lankan Rupees)	In US\$ assumed conversion rate as Rs. 125
Revenue	- 64,000,000.00	512,000
Cost of Sale	- 31,000,000.00	248,000
Gross Profit/ Loss	- <u>33,000,000.00</u>	<u>264,000</u>
Less: Expenses		
Administration	- 7,500,000.00	60,000
Selling & Distribution	- 19,000,000.00	152,000
	<u>26,500,000.00</u>	<u>212,000</u>
Operating Profit Loss	- 6,500,000.00	52,000
Finance Expenses	- 3,500,000.00	28,000
Other Expenses	- 1,000,000.00	8,000
Net Profit/ Loss before Taxation	- <u>2,000,000.00</u>	<u>16,000</u>
Taxation approx. 10%	- 200,000.00	1,600
Net Profit/ Loss after Taxation	- <u>1,800,000.00</u>	<u>14,400</u>

### 7.2 GSC APROX. PRESENT INCOME STATEMENT WITH 60 MILLION INVESTMENT PER ANNUM

	(In Sri Lankan Rupees)	In US\$ assumed conversion rate as Rs. 125
Revenue	- 120,000,000.00	<u>960,000</u>
Cost of Sale	- 62,000,000.00	496,000
Gross Profit/ Loss	- <u>58,000,000.00</u>	464,000
Less: Expenses		
Administration	- 9,000,000.00	72,000
Selling & Distribution	- 22,000,000.00	176,000
	<u>31,000,000.00</u>	<u>248,000</u>
Operating Profit Loss	- 27,000,000.00	216,000
Finance Expenses	- 4,500,000.00	36,000
Other Expenses	- 2,500,000.00	20,000
Net Profit/ Loss before Taxation	- <u>20,000,000.00</u>	<u>160,000</u>
Taxation approx. 10%	- 2,000,000.00	16,000
Net Profit/ Loss after Taxation	- <u>18,000,000.00</u>	<u>144,000</u>

Estimated Profit over Investment per year -Rs. 18,000,000.00 approx. US\$ 144,000 approx

## 8. GSC ROAD MAP FOR THE NEXT 03 YEARS

GSC is being analyzed the following product capacity to improve for the 03 years of time as the target with this investment. Therefore products of Coco peat, value added substrate, wood shaving specialized for poultry farming, wood shavings specialized for horse bedding mainly and all other coconut & wood shaving based products as one, categorized as follows and a forecast been made for the evaluation of the future business. This figures helps to measure the production capacity of GSC and also for the investor related monitoring.

With the 60 million investment GSC will be able to produce following capacity.

Product	Bags per container	No. of containers per ton	Tons Per year	US\$ Free on board		Turnover per year US\$
				Rate/ ton	Rate/ bag	
Cocopeat 5Kg bales		26		200		1560000
Cocopeat 25Kg bags	640	13			5	160000
Coco peat value added substrate 50L bags	2000	20			2.5	500000
Wood shavings bale for poultry farming		23	2500	175		437500
Wood shavings for Horse bedding 15 Kg	800				4.5	360000
Other products containers (Grow bags, Easyfil bags, Pots, wood pallet, Coco chips)			50x6000 US\$			300000
<b>APROX TOTAL INCOME OF THE PRODUCTS</b>						<b>3317500</b>

GSC has estimated through the market explorations this total turnover will be increased by 15%-20% yearly and for the next 03 consecutive years it's growth will be US\$ 663500 per year when considered of the 20% increase per year.

### MACHINERY

To access above production turnover GSC targeted to purchase a new dual purpose pressing machine (locally fabricated) worth of Rs. 1.5 million which can be used manufacture system in both wood shaving and coco peat.

### NEW MARKET STRATEGY

GSC mainly focus the Arabian-Gulf region as it has more demand for GSC products with the new green economy theme and greener projects.

GSC also planning to discover new clients and market avenues in participating the IPM (International Trade Fair for Plants) Essen 2014 Exhibition in Germany with the assistance of Sri Lanka Government.

## 9. ACHIEVEMENTS

- We won the 2013 MASS Lanka Award for our product which is eco-friendly. That is a big achievements for us.
- Participation annually for early two exhibitions which are IFTF Exhibition in Holland and Gradex Exhibition in Japan.
- We have participated for all exhibitions pertaining to our sector since 2009.
- This time we have been selected to participate The Commonwealth Heads of Government Meeting (CHOGM) will be held in Sri Lanka from 13th - 17h November 2013. We are desirous of introducing our new value added products and to take the new business opportunities in CHOGM.
- We are catering the requirement of each customer separately and to supply our clients requested products with a user friendly manner.
- Through the present R&D department of the company has analyzed the potential market avenue and the capacity of increasing sales volume under profitable revenue with the following expansion within the company and as a manufacturer we wish to explore this opportunity by expanding our market to share in many of these lucrative market space.
- Present all product inspection under the Total Quality Management (TQM) and guidance under the Agriculture Department.
- Obtained test report from Industrial Technology Institute of Sri Lanka (ITI) in 2013 as attached.

## 10. CONCLUSION AND RECOMMENDATION

Sri Lanka coir industry is an important cottage industry contributing significantly to the economy of major coconut growing region like Hettipola, Kuliapitiya, and Wallasmulla. About 500,000 people get employment in this industry.

The global trade volume for coir fiber, value-added products is now valued at about \$140 million annually, with India's share at about \$ 70 million and Sri Lanka's in the region of \$ 60 million.

As far as our knowledge is concerned this industry is the only industry adopting the new technology in manufacturing coco based growing media. This industry is also going for expansion of home market through publicity and advertisement, product diversification, adoption of new technology, R&D training for artisans including women.

Your expression of interest, comments and observations are appreciated. We are also open for discussion and any negotiation which could lead to the successful start-up and implementation of this proposal.

Thank You,

Christopher De Silva  
 Director  
 Green Scape Coir Exports (Pvt) Ltd.  
 +94 772 730527





... Continuation Sheet

TEST REPORT  
Report No. SS 1313550

<b>Customer:</b> Green Scape Coir Exports (Pvt) Ltd., No. 230, Luckyan Plaza, Highlevel Road, Maharagama.	<b>Test Item:</b> COIR PITH  Service Requested: Parameters requested by the customer in letter dated 2013/09/04
<b>Description:</b>  Approximately 300g of coir pith in a sealed polythene bag.	<b>Identification of Test Item:</b> Label: No Label  Date of Receipt of Test Item: 2013/09/04
Test Date: 2013/09/11 to 2013/09/27	

TEST RESULTS:

Test/Unit	Method	Results
Moisture, percent by mass	SLS 1219: 2001	79.4
Total nitrogen, percent by mass	SLS 645, Part 1: 2009	0.2
Conductivity (1:6 v/v), $\mu\text{S}/\text{cm}$	SLS 1219: 2009	22.0
pH (1:6) v/v		6.2
Total P as P, percent by mass	SLS 645, Part 5: 1985	0.01
Potassium as K, percent by mass	SLS 645, Part 4: 1989	0.2
Water holding capacity, percent by mass	SLS 1219: 2001	92.2
Organic carbon, percent by mass	Soil Chemical Analysis by ML Jackson	56.7
Organic matter (at it is), percent by mass		97.8

*Analysis was carried out by Mrs. C.K. Wickramasinghe & Mrs. M. Herath, Senior Technical Officers.*

.....  
Authorized Signatory

2013/09/30  
/dpc

**M. N. A. Mubarak**  
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Page 03 of 03 pages