

EXECUTIVE SUMMARY

This business idea which is triggered by abundant durian peel waste. Durian peel waste is not used and accumulated, rotten and causes bad odor, disturbing sights and prone to cause disease. If those waste exploited further, durian peel waste may be used as a biomass fuel that can substitute for firewood and kerosene.

Durian fruit production in Indonesia in 2012 reached 834,011 tons, grows around 3.4 % per year. It harvested area increased by 7.4 % per year over the last 5 years from the year 2006 to 2011. Based on our interview with Mr. Panca Jarot Santoso, an Expert of Durian Fruit from Tropical Fruit Research Institute in Sumatra, the biggest durian fruit trading centers are in Jakarta and it surrounding areas. The most of the durian fruit is supplied by farmers in Sumatra and Java. Durian fruit is always available in Jakarta despite it is not in the season. From the data gathered, there are 154 retail outlets in Jakarta that sells durian fruit. If one outlet sells 5 tons of durian fruit per month, total the weight of durian peel waste produced will be about 3.5 tons per month. This durian peel waste could reach 539 tons per month or approximately 18 tons per day durian peel waste. The supply of the durian waste is sufficient to be used to produce charcoal briquettes as planned for this business.

The increase demand of the energy needs for small and medium industries is a good opportunity to produce charcoal briquettes durian peel waste as an alternative energy. In fact, there are some issues of the other energy resources such as the dwindling of oil resources and the distribution of gas in Indonesia that is not prevalent. Based on data from The Ministry of Industry, the projected average growth of UMKM in food, beverages, and tobacco up to 2025 amounted to 10.75%, this surely a good opportunity to market their durian shell charcoal briquettes. The

government has estimated that the energy consumption required by this sub-sector to the greatest the year 2025.

PT. Bara Sakti will be the first company to produce charcoal briquettes from waste durian peel waste, by utilizing pyrolysis technology to process waste into briquettes and applying unique business models and competitive strategies focus low cost. This strategy is chosen because the products are commodities and the particular consumers characteristic are price sensitive. PT. Bara Sakti therefor must provide the products with competitive price, and also provide reliable services for the community and build strong relationships with customers.

With NPV of Rp17,819,580,983, IRR 18.9% and the discounted payback period of 4.7 years make this business attractive and feasible. The given investment Rp6.3 billion and the structure of capital cost (WACC) of 16.9% seem promising. Supported by the growth of small and medium industries and the growing needs of energy that ensure the demand and corporate earnings will grow in line with the growth of the user industries of charcoal briquettes. Knowing the positive impact on the environment, PT.Barasakti will produce an alternative energy i.e charcoal briquettes from durian peel waste.