

EXECUTIVE SUMMARY

PT. Natakara Silika is a chemical company that produces and supplies natrium silicate (Na_2SiO_3) with molar ratio of 3.65. The idea of this business emerged from the unfulfilled needs from Indonesian-based precipitated silicate producers of natrium silicate 3.65 with the best price per performance ratio. Up until this business plan was made, local natrium silicate producers contribute approximately 30% in the supply market; however, none of them are capable to offer natrium silicate 3.65 within the expected range of price per performance ratio. The unavailability of technology that promotes fuel efficiency has been the main restraint for local natrium silicate producers. This situation has led the precipitated silicate producers to use less superior natrium silicate (molar ratio 3.2) which may results in quality deterioration of the final goods.

The market potential of natrium silicate 3.65 is really promising, particularly to fulfill the demand of precipitated silica industry. This potential is indicated from the historical data of substantial growth of precipitated silica industry, as big as 26.6% (CAGR) from 2001 until 2016. Precipitated silica producers sells their products to some other processing or manufacturing companies such as rubber (tire, silicon, shoes), food (preservative), paint and adhesive. It is predicted that this industry will grow up to 25% in the next several years, and this would give a positive impact to natrium silicate industry.

Currently, there are only three producers of natrium silicate in Indonesia. Given the few numbers of competitors and their inability to produce the product that customers actually needs, gives the opportunity for PT. Natakara Silika to enter this industry. Moreover, the amount of silica sand (raw material of natrium silicate) is abundant (737 million tons) and still under utilized (mostly only be used for building construction material). PT. Natakara Silika targets the only two precipitated silica producers in Indonesia, PT. Darisa Intimitra (www.darisasilica.com) and PT. Ineos Silicas Indonesia (www.ineos.com), and plan to seize 16.7% market share in the next 5 years.

PT. Natakara Silika adopts Overall Cost Leadership (OCL) strategy to acquire competitive advantage in Indonesian market. OCL's competitive advantage can be acquired through several means, such as firm's infrastructure (location closed to

supplier and customer), technology development, procurement (use raw material with the best quality and price), and continuous operations.

In this business plan, PT. Natakara Silika will make partnership with two other entities; (1) Nano Center Indonesia (www.center.nano.or.id) as the technology developer and owner of the Fuel Efficient Furnace technology; as well as (2) Cakrawala Holdings as investor and supplier for silica sand through their subsidiary, PT. Sinar Banten Utama.

The company's factory and office will be located in Merak, Cilegon, Banten, on the land owned by Cakrawala Holdings and will employ up to 80 employees. The construction of the factory and the office would take up to two years time, with the total amount of investment of Rp 36.3 billion, fully funded by the equity from the founders and Cakrawala Holdings.

The financial projection shows that this business has positive E(NPV) of approximately Rp. 23,5 Million, Internal Rate of Return (IRR) bigger than cost of equity in three scenario (IRR for most likely scenario 34,23% vs. cost of equity 19,1%), and payback period in less than 5 years. This projection indicates that this business plan is feasible to run.