

Build-up of new production of solid dosage forms at Borisov Factory of Healthcare Products Republican Unitary Enterprise (RUE)

A. Project Opportunity Description:	
A1. Project Name:	Build-up of new production of solid dosage forms at Borisov Factory of Healthcare Products Republican Unitary Enterprise (RUE)
a. Short name:	Build-up of production of solid dosage forms (tablets, capsules and sterile packing of powder antibiotics)
b. Full name:	Build-up of production of solid dosage forms with a capacity of 1000 million tablets, 50 million capsules, 22 million antibiotics in vials per year
c. Summary description:	The organization of production for the purposes of increase a range of drugs in tablets and capsules, sterile packing of powder antibiotics, conformity of their manufacture with GMP, to comply with the needs of the Ministry of Health of the Republic of Belarus with high quality products and further growth of production volume for displacement of foreign drugs, to retain the sales markets in the CIS countries.
A2. Progress Status:	Pre-investment stage. New building site of 4650 square meters at 64/27 Chapayev Street is provided. Decision of the Borisov Executive Committee No. 96 dd. February 27, 2003. Business-plan and architectural project are developed.
A3. Organizations involved and their roles:	1) Borisov Factory of Healthcare Products RUE as an object of implementation : Alexander N. Fando, Chief Executive Officer, tel.: (+375-1777) 3-22-61 (reception desk), secretary tel./fax: (+375-1777) 3-24-25; e-mail: fan@borimed.com ; Vitaly V. Deresh, Chief Engineer, tel.: (+375-1777) 6-64-51, e-mail: dvv@borimed.com , www.borimed.com ; 2) Concern «Belbiopharm»: 17/G, Masherov Avenue, Minsk, 220029, Republic of Belarus. Mokrousova Kira Vadimovna, tel.: (+375-17) 289-34-03.
A4. Project Description:	The implementation of the investment project envisages the build-up of the production of solid dosage forms (tablets, capsules, powders) complying with the regulations of the national and international Good Manufacturing Practice (GMP). The production to be build-up will be fully mechanized and automated in order to improve the product quality and its consumer characteristics. The production of intestinal-soluble film coated tablets will be organized; production line for special small batches, technological lines for tablets and capsules of different pharmacological groups will be separated as well as lines for production of powder antibiotics: 1) Cephalosporin injection antibiotics including intravenous injections; 2) Antibiotics of other pharmacological groups; 3) Drastic medicines; 4) Hormonal preparations. The implementation of this project should contribute to the growth of the competitiveness of the products, not only to restrain, but also to increase the volumes of export deliveries of the products to ensure the growth of foreign currency earnings. The production facilities to be set up are already secured with sales markets. This investment project may be confirmed by detailed business plan in case of finding of potential investor and/or financial sources. Realization of this project helps to raise competitiveness of goods, rise production profitability, gives the opportunity to expand markets, increases volume of output and influx of foreign currency. The creating facilities are provided with sales market. This project can be confirmed through detailed business plan in case of finding of potential investor and/or financial sources.
A4a. Project cost (mln USD):	52.8
A5. Background / history / overall programme / related or similar projects:	Borisov Factory of Healthcare Products Republican Unitary Enterprise was established in 1965. The total number of the persons employed at the factory is 2180 persons. As of the date of its incorporation the factory was continuously improved through the implementation of modern technologies, creation of new production sites, developing the range of the products manufactured. At present it is a modern, dynamically developing pharmaceutical enterprise, which continuously extends the range and volumes of the products manufactured in conformity with the needs of the population, demands of the health care service and pharmaceutical market. The factory owns the Conformity Certificate according to the requirements of STB ISO 9001-2001, Standard of Belarus, registered with the Register of National Certification System of the Republic of Belarus under No. BY/112 05.0.0.0231 dd. 26.09.2003, Ecological

Certificate for conformity with the requirements of STB ISO 14001-2000 Standard of Belarus of the Environmental Management System issued by the Ministry of Environmental Protection of the Republic of Belarus, GMP (STB 1435-2004) Conformity Certificate for 2 pharmaceutical productions, which was issued in 2005. The financial state of the factory is stable: - current liquidity ratio - 2,8; - rate of coverage of current assets – 0,23;- rate of profitability January-July 2006 – 25,4%. The factory has no budget debts in tax payments, supplied energy sources and payments of wages.

A6. Environmental impact summary:

The factory has no detrimental environmental impact due to using the modern technology and closed type production equipment.

A7. Possible obstacles/ problems/ risk assessment:

The following possible risks in the implementation of the project should be marked according to the impact ratio: 1) price raise for raw materials and goods; 2) additional investment expenses not stipulated in the project; 3) problems connected with registration and certification of products in foreign markets.

A8. Term of realization / term of recoupment (years):

2 / 15

A9. Project's branch:

Pharmaceutical industry

B. Capital Cost Items (additional requirements for project):

B1. Project physical components	B2. Capital cost (mln USD)
Engineering design:	13.1
Production and auxiliary equipment (Germany, China, India):	25.4
Other expenses:	14.3
Total:	52.8

C. Capital Resources Available from Sponsors/ Proposers:

C1. Resources 'in kind', grants, investments, equity / ownership, etc.	C2. Amount (mln USD)
Own funds:	15.3

D. Required Financial Assistance:

D1. Financing gaps, type of financial assistance required:

Crediting.

D2. Sources of finance	D3. Type of investment	D4. Amount (mln USD)
Foreign investment funds:	Credit:	37.5

D5. Financial/ International Institution Name:

E. Demand (users) and revenues:

E1. Type of users/ markets, volumes, pricing, revenues, quantifiable benefits/ savings:

Nowadays the export reaches 56,6% in the volume of marketing products, accordingly 43,4% of products are sold in the national market. About of 85,9% of medicines sold in Belarus are distributed through the network of the Belpharmacia RUE chemist's warehouse. The other products are realized by the enterprise through drugstores, clinics and commercial companies under direct-sales contracts. The deliveries to Russian market are the basis of the export. At present the export in sales markets is as follows: Russian Federation – 46,2%, Kazakhstan - 23,8%, Uzbekistan - 11,34%, Kyrgyzstan - 1,2%, Ukraine - 4,1%, Moldova - 3,2%, Georgia - 3,2%, Armenia - 2,3%, Turkmenistan - 4,0%, Azerbaijan – 1,2%, Other neighbouring and foreign countries (Latvia, Lithuania, Estonia, USA and other) - 0,5%.

E2. Revenues (Sales)	E3. Amount (mln USD)
Sales income during pay-back period:	351.1

F. Operating and Maintenance Costs:

F1. Cost components, strategies for cost recovery, operating organisations, subsidies, etc.:

There are available free facilities, engineer network and communications, sources of power at the factory.

F2. Cost Item	F3. Amount (mln USD)
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Basic raw material:	118.2
Auxiliary material:	33.5
Wage of production workers:	8.4
General manufacturing expenses:	60.6
Factory overheads:	10.6
Non-manufacturing expenses:	6.5
Full costs:	244.7
Profit tax:	34.6
Total:	279.3
G. Net Income Value:	
G1. Net Income Value	G2. Amount (mln USD)
Net profit:	71.8
H. Project information source:	
H1. This form was completed by:	
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H4. Date:	
March, 2007	
H5. Supreme Organization:	
Concern «Belbiopharm»	