

Modernization of the Electrode Production to Increase the Range of the Import-Substituting Production and the Rise of Volume Production at Least in 2 Times

A. Project opportunity description

A1. Project name:

Modernization of the electrode production to increase the range of the import-substituting production and the rise of volume production at least in 2 times

A1a. Short name:

Modernization of the electrode production

A1b. Full name:

Modernization of the electrode production to increase the range of the import-substituting production and the rise of volume production at least in 2 times

A1c. Summary description:

Modernization of the electrode production to increase the production volumes and to improve the quality of the import-substituting products.

A2. Project status:

Development of business plan

A3. Organization involved and their roles:

A4. Project description:

The comprehensive approach is used for the project realization. The project task is the increase of electrode production in 2 times with the growth of labour productivity in 1,5 times, increase of power efficiency, significant bettering of the electrode quality. The project realization will pass by one phase. 19.04.2011 the tender on the purchase of electrode equipment is to be finished, by 01.06.2011 the agreement is to be signed. The equipment delivery is expected in 4th quarter of 2011. The equipment purchase will be financed by the Ministry of Industry of the Republic of Belarus from the innovative fund.

A5. Background /history/overall programe/related or similar projects:

OJSC “GPSE” is electrode producer since 1977. There are skilled personnel on OJSC “GPSE”. They have the experience about how produce electrodes. The enterprise has necessary shopfloors.

A6. Environmental impact summary:

The object corresponds to the state norms, rules, standards, and also technical conditions and requires, given by the supervisory body (control authority).

A7. Possible obstacles/problems/risk degree:

The risk degree is minimal.

A8. Time period for project implementation and pay-back period (years):

Project implementation period – years 2011-2015. Project pay-back period – 5 years.

A9. Project branch:

Machine Building Department of the Ministry of Industry of the Republic of Belarus.

B. Capital cost Items

B1. Project physical component:	B2. Capital cost USD million
Purchase of equipment	1716,06
VAT, paying for equipment purchase	343,21
Erection work	120,0
Reconstruction of the building	904,13
Increase of net circulating capital	307,9
Total	3391,3

B3. Sub-project by location	B4. Capital cost USD million

C. Capital Resources Available (owner, associates, sponsors etc.)

C1. Resources, grants, investments, equipments, equity/ownership etc.	C2. Sum, USD million
Innovative Fund of the Ministry of Industry of the Republic of Belarus	2059,27
Own funds, credits	1332,03

D. Required Investment, Deficient Funds

D1 Necessary Financing, Required Type of Financial Participation:

D2 Source of finance	D3. Type of Investment	D4. Amount USD million
Innovative Fund of the Ministry of Industry of the Republic of Belarus		2059,27
Own funds, credits		1332,03

E. Demand (Users) and Revenues**E1. Type of Users, Volumes, Pricing, Revenues, Estimated Profit/Savings**

OJSC “Gomel Plant of Starting Engines” will sell off welding electrodes in the planning period on the domestic market. The main consumers of electrodes are the enterprises of building, machine building industry, agricultural complex, the enterprises of transport and communal services.

E2. Financing Sources	E3. Revenues (Sales)

F. Transaction and Operating Costs

F1. Costs Components, Capital Allowance Policy, Industrial Engineering etc.

F2. Cost item:	F3. Amount

G. Net Income Value

G1. Net Income Value:	G2. Amount

H. Project Information Source:

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H4. Date: March of 2011
H5. Supreme organization: <i>Ministry of Industry of the Republic of Belarus</i>