

# Investment Offer

## I. General information about the project

**1. Project name:** Reconstruction of production of liquid detergents

**2. Project branch:** Household chemical goods

**3. Project location:** JSC «BARHIM»

**4. Project description** (the essence of the investment project, prerequisites, goals, what is expected from investor, why can the project be of interest to investor)

The need for reconstruction due to the growing demand for these products. The project provides for the construction of the building production buildings, providing the placement of technological equipment and accessories, as well as operational warehouses of raw materials, auxiliary and packaging materials. After the reconstruction it is planned to increase production volume (liquid detergent) to 6000 tons per year. The project also envisages the creation of its own production of polyethylene and PET containers.

The production capacity of OJSC Barhim is 6000 tons per year, including: liquid soap, dishwashing detergents-3000 tons / year, detergents for washing, conditioners-rinsers-3000 tons / year.

The reconstruction involves the construction of a new production building of lightweight structures to create hygienic conditions for the production of cosmetic products, ensuring the placement of equipment and operational storage of raw materials, auxiliary and packaging materials and finished goods warehouse.



The project also includes expansion of its own production of PET containers, which will significantly reduce the cost of production due to transportation costs for shipping containers, and provide production flexibility in the range and volume of the box. Plan to install packaging equipment for liquid chemical products, producing output in the high-tech and economical package.

5. study, marketing research or other preparatory work/studies carried out (or in progress) and the date, when they were prepared)

Market research

## II. Information about the project initiator

1. **Organization full name:** JSC «BARHIM»
2. **Registration date:** 2005 год
3. **Authorized fund structure, %:**

Legal entities:	Share
- state ownership form	99,7
- private ownership form	
Individuals	0,3

## III. Description of the market of the product intended for manufacture

### A. Description of the product intended for manufacture:

1. product name and description: liquid detergents for washing fabrics, liquid soap, dishwashing detergent, conditioner-rinse aid for linen
2. main consumers: population, laundries, organization.
3. main competitors (producers of similar product performance goods):  
Belarusian producers of synthetic detergents and household chemicals the main competitor of JSC "barhim" is a private enterprise "Perfume and cosmetic factory "the sun", with a capacity of 50 thousand of dry and 40 thousand liquid funds per year to evaluate its share in the domestic market is about 25%. Among the main foreign players in the market for washing dishes and air conditioning company "Procter&Gamble".

### B. Domestic market description

1. current market capacity (over the latest reporting period) 14 thousand tons per year (RB)
2. prospective domestic market share: 40 %
3. strategy for operating in the domestic market:
  - lower prices
  - better product quality
  - better service
  - state support (protection from import, guaranteed state public purchases and other support)
  - other (specify)
4. state regulation (price regulation, licensing of the activities etc.): text entry space.
5. return on sales (%): 8,0;
6. market concentration degree (approximate total market share of five largest market players, %): .
7. other (specify): text entry space.

### C. External market description

1. Estimated sales volume distribution by core regions, %:

EEU countries (Eurasian economic union)	Incl. Belarus market	EU countries	Other countries
90	60	10	

2. Does the company have experience in exporting to these countries:  yes;  no
3. Do other Belarusian producers export these products to the main target markets?  
 yes;  no

## IV. Description of available infrastructure

### Railways and motor drive ways:

- company's own branch railway
- Belarusian Railway line (distance from the site, km): 0,5
- state motor roads (distance, km): 5
- other roads with improved surface (distance, km):

### Communications:

- electricity network (voltage: 380 V, distance, km: 0)
- water pipeline
- gas pipeline

### Land plot and manufacturing facilities:

- land plot availability (area: 7,5 hectares, purpose of use the total area of the organization, for new construction required the demolition of dilapidated buildings)
- presence of constructions (area:                   , purpose of use: production facilities)

### Other infrastructure:

- warehouses, logistics terminals (area:                   , description: text entry space)
- possibility of production expansion and installation of additional production capacities
- possibility of construction of the necessary infrastructure via state budgetary financing (description: text entry space)
- Other (specify): text entry space

## V. Key advantages of the project

Short description of each is expected:

- developed brand: text entry space.
- profiled staff: trained staff of the organization
- supply chain of raw materials and components: text entry space.
- (commodity) distribution network: text entry space.
- guaranteed volume of orders: text entry space.
- presence of valid patents, licenses, permits: text entry space.
- provision of benefits within the project implementation: text entry space.
- core partners: text entry space.
- other (specify):

## VI. Project financing

**A. Total investment amount:** \$ 3,5 million. USA

**B. Investment sources**                   select:

	Source	Amount
<input type="checkbox"/>	Own resources	
<input checked="" type="checkbox"/>	Investor's resources	\$ 6,0 million. USA
<input type="checkbox"/>	State financing	
<input type="checkbox"/>	Grants	
<input type="checkbox"/>	Long-term loans	
<input type="checkbox"/>	Short-term loans	
	Other (specify):	
<input type="checkbox"/>	text entry space	
	text entry space	
	text entry space	
<b>Total:</b>		

**C. Investment resources allocation:**

- research and development
- infrastructure development
- construction
- purchase of real estate
- purchase of equipment, technologies, licenses
- preparation of production
- working capital financing
- other (specify):

**D. Form of investor participation in the project:**

Forms of investor participation		Investor's share in authorized fund under the intended participation form, %
<input type="checkbox"/>	Contribution to the authorized fund of a newly established enterprise	
<input checked="" type="checkbox"/>	Purchase of shares (share in the authorized fund) of the existent enterprise	
<input type="checkbox"/>	Purchase of the enterprise as an asset complex	
<input checked="" type="checkbox"/>	Additional issue of shares for selling to investor	
<input type="checkbox"/>	Other (specify):	
	text entry space	

**E. Preliminary indicators of the project efficiency**

Indicator	Value
Time horizon (settling period, the number of years)*	10
Annual revenue (excluding VAT, after reaching the project capacity), thousand USD	7 300
Period for reaching the project capacity, years	2023
Pay-back period, years	6,3
Dynamic pay-back period, years	9,4
NPV**, thousand USD	4 845
IRR**, %	6,5
Discount rate***, %	12
Base period / year	2019

**\* Time horizon validation:**

The calculation horizon from 2020 to 2029. Dynamic payback period since the first entry in 2020.

\*\* IRR and NPV are indicated as of year 10 of the project implementation.

**\*\*\* Discount rate validation:**

The discount rate of 12%.

The amount of investments is 3 500 thousand USD.

Indicators	Years					Total
	2023	2024	2025	2026	2027	
Discount coefficient	0,89	0,80	0,71	0,64	0,57	
Cash flow	-350	1 050	1 400	2 100	3 500	7 700
Discounted cash flow (NPV)	-312	840	996	1 335	1 986	4 845

**Date of calculations conducting:** 24/07/2018

## **VII. Contact information**

**Contact information about executing officer (name, position):**

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