



Industrial Development Fund

Opportunities for Project Funding and Support of
Turkish industrial projects in Russia

MAIN CONDITIONS OF FINANCING PROGRAMS

		LOAN AMOUNT MLN RUB	LOAN TERM		
1	Development projects	50 - 500	3% during the first 3 years with a bank guarantee	5% with other security types	1
2	Machine tool manufacturing		1% during first 3 years	5% for the remaining term	
3	Components				
4	Conversion	80 - 750			
5	Leasing projects	5 - 500			
6	Drug labeling	5 - 50	1%		
7	Labor productivity	50 - 300			
8	Industry digitalization	20 - 500	1% with the Russian software/Russian systems integrator	5% in other cases	

¹ Reduced rates may be offered if Russian made equipment is purchased or if commitments to export project products are assumed

SECTOR FIELDS FINANCED BY THE IDF

SECTION C

“Manufacturing”

OKVED1 Class

- 10 Food production as related to industrial biotechnologies
- 13 Textile manufacturing
- 14 Clothes manufacturing
- 15 Leather and leather goods manufacturing
- 16 Wood processing, wood and cork products manufacturing, except furniture; straw and wicker products manufacturing
- 17 Paper and paper products manufacturing
- 20 Chemicals and chemical products manufacturing
- 21 Manufacturing of drugs and materials for medical applications
- 22 Rubber and plastic products manufacturing
- 23 Other non-metal mineral products manufacturing
- 24 Metallurgical production
- 25 Finished metal products manufacturing, except machinery and equipment
- 26 Computer, electronic and optical products manufacturing
- 27 Electrical equipment manufacturing
- 28 Manufacture of machinery and equipment not grouped elsewhere
- 29 Motor vehicle, trailer and semi-trailer manufacturing
- 30 Other vehicle and equipment manufacturing
- 31 Furniture manufacturing
- 32 Other finished products manufacturing
- 33 Assembly and repair of machinery and equipment

“DEVELOPMENT PROJECTS” PROGRAM

SCOPE OF APPLICATION:

The program is intended for the projects targeted at:

- a) import substitution
- b) BAT introduction
- c) export

MAIN CONDITIONS:



LOAN AMOUNT:

50–500 mln ₺



LOAN TERM:

up to 60 months

ADDITIONAL CONDITIONS

INTEREST RATE:

3 % during the first 3 years with a bank guarantee
5 % with other security types

(may be reduced by 2 % p.a. if Russian made equipment is purchased for the value of $\geq 50\%$ of the loan amount)

1 % subject to new product export for the value of $\geq 50\%$ of loan amount per year



TARGET SALES OF NEW PRODUCTS:

$\geq 50\%$ of loan amount per year, starting from the second year of mass production



CO-FINANCING:

$\geq 50\%$ of the project budget, also using own funds/shareholders' equity
 $\geq 15\%$ of the loan amount



TOTAL ALLOCATED PROJECT BUDGET:

from 100 mln ₺



“COMPONENTS” PROGRAM

SCOPE OF APPLICATION:

The program is intended for the projects targeted at setup and/or modernization of production of the components used as part of the industrial products listed in an annex to resolution No. 7191 of the RF Government dated 17 July 2015.

MAIN CONDITIONS:



LOAN AMOUNT:

50–500 mln ₽



LOAN TERM:

up to 60 months

ADDITIONAL CONDITIONS



INTEREST RATE:

1 % first 3 years

5 % for the remaining term



CO-FINANCING:

≥ 20 % of the project budget, also using own funds, funds of private investors and banks



TARGET SALES OF NEW PRODUCTS:

≥ 30 % of loan amount per year, starting from the second year of mass production



TOTAL ALLOCATED PROJECT BUDGET:

from 62,5 mln ₽

“LEASING PROJECTS” PROGRAM

SCOPE OF APPLICATION:

The program is intended to finance the leasing projects targeted at technology upgrade or modernization of fixed production assets of Russian industrial companies. **The IDF** loan amount may range from **10 to 90% of the down payment under a lease**, but it may not exceed 27 % of the total equipment cost.

MAIN CONDITIONS:



LOAN AMOUNT:

5–500 mln ₺



LOAN TERM:

up to 60 up to

ADDITIONAL CONDITIONS



INTEREST RATE:

1 % p.a.



LEASING DEAL:

≥ 20 mln ₺

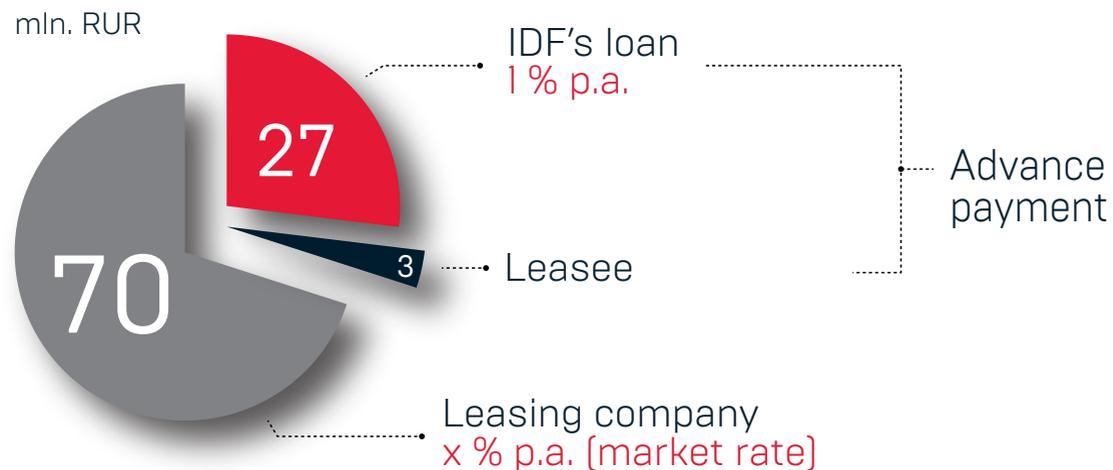


CO-FINANCING:

≥ 73 % of the project budget

EXAMPLE

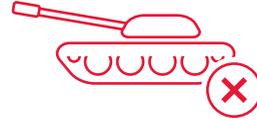
Subject to the equipment cost of 100 mln rubles:



LOAN FUNDS MAY NOT BE USED FOR:



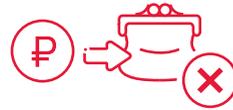
Construction or major repair of buildings and structures



Manufacturing of military goods



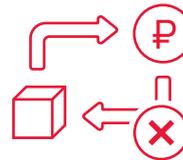
Scientific research



Refinancing loans and repayment of interests on raised credits/loans



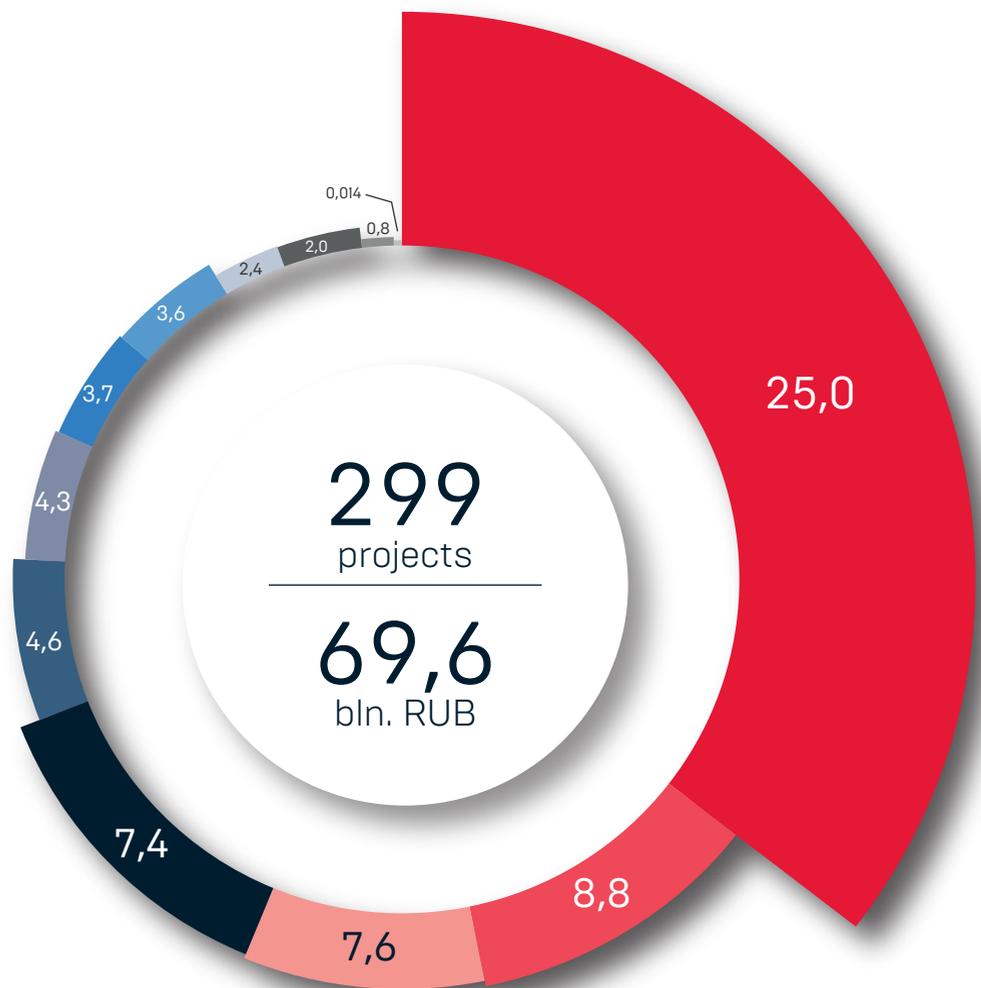
Acquisition of real estate



Current assets

DISTRIBUTION OF PROJECTS FINANCED BY IDF BY ECONOMIC SECTORS

AS OF 08.11.18 г.



- Mechanical engineering**
[107 projects]
- Chemicals**
[34 projects]
- Medicine, biotechnology, pharmaceuticals**
[35 projects]
- Metalworking/Metallurgy**
[37 projects]
- Electrical equipment**
[17 projects]
- Consumer goods industry**
[18 projects]
- Forestry**
[15 projects]
- Electronics**
[14 projects]
- Construction materials**
[11 projects]
- Novel materials**
[8 projects]
- Manufacturing of furniture and other goods**
[2 projects]
- Industrial biotechnologies**
[1 project]

SUBSIDIES TO ENTERPRISES FOR PAYMENT OF % ON LOANS AND/OR BOND COUPON YIELD (DECREE No. 3 OF THE RF GOVERNMENT)

REQUIREMENTS:



PROJECT VALUE:

from 150 mln RUB up to 7,5 mln RUB ¹



LOAN PERIOD/BOND MATURITY:

not less than 3 years



LENDING VOLUME:

not more than 80% of the project value



COMMISSIONING OF PRODUCTION CAPACITIES:

not earlier than 1 Jan. 2017²

SUBSIDY IS PAID BIANNUALLY (II AND IV QUARTER)

REPAYMENT FOR FUNDS RAISED IN THE RF CURRENCY:

70% of the basic indicator

subject to

Interest rate > of the basic indicator

70% of the interest rate

subject to

Interest rate < of the basic indicator

REPAYMENT FOR FUNDS RAISED IN A FOREIGN CURRENCY:

90% of 4 %

subject to

Interest rate > 4%

90% of the interest rate

subject to

Interest rate < 4%

¹ for the participants of special investment contracts (SPIC) up to 10 bln. RUB.

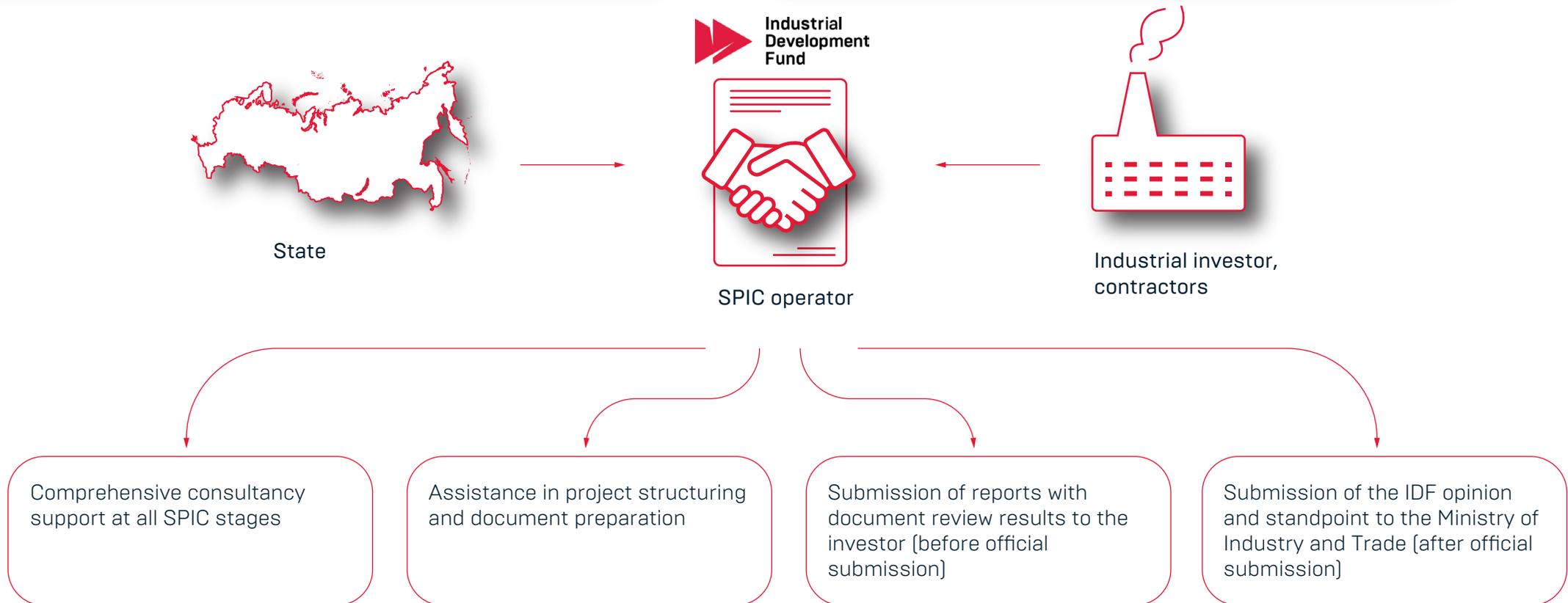
² for the projects implemented under concession agreements not earlier than 1 Jan. 2014

SPECIAL INVESTMENT CONTRACT DECREE No. 708 OF THE RF GOVERNMENT (SPIC)

SPIC IS AN AGREEMENT BETWEEN AN INDUSTRIAL INVESTOR AND THE STATE WHICH SETS FORTH:

» guarantees for stable tax and regulatory conditions + measures of state support

» investor's obligations to create [or modernize] industrial production facilities and set up production



LIST OF SIGNED SPICS

25

special investment
contracts **SIGNED**

- | | | | |
|---------------------------------------|--------------------|--|-----------------------|
| » "AstraZeneca Industries" (LLC) | Kaluga Region | » "KAMAZ" (PJSC),
"DAIMLER KAMAZ RUS" (LLC) | Republic of Tatarstan |
| » "BIOCAD" (CJSC) | Saint Petersburg | » "Claas" (LLC) | Krasnodar Territory |
| » "VESTAS MANUFACTURING
RUS" (LLC) | Ulyanovsk Region | » "Kovrov Electromechanical
Plant" (OJSC) | Vladimir Region |
| » "Vilo Rus" (LLC) | Moscow Region | » "MAZDA SOLLERS
Manufacturing Rus " (LLC) | Primorye Territory |
| » "WINDAR RUS " (LLC) | Rostov Region | » "Mercedes Benz RUS " (JSC) | Moscow Region |
| » "GEROPHARM " (LLC) | Saint Petersburg | » "NovaMedica" (LLC) | Kaluga Region |
| » "HMS Livgidromas" (JSC) | Orel Region | » "Sanofi Russia " (JSC) | Orel Region |
| » "DMG MORI AG" (Group) | Ulyanovsk Region | » "Transneft Siberia" (JSC) | Tyumen Region |
| » "EuroChem-VolgaKaliy" (LLC) | Volgograd Region | » "TTM" (LLC) | Tomsk Region |
| » "EuroChem-North-Wes" (JSC) | Leningrad Region | » "TULACHERMET-STAL" (LLC) | Tula Region |
| » "EuroChem UKK " (LLC) | Perm Territory | » "Hamilton Standard – Nauka" (CJSC) | Tver Region |
| » "ISUZU SOLLERS " (LLC) | Ulyanovsk Region | » "OCTAPHARMA-PHARMIMEX" (LLC) | Ryazan Region |
| » "Interpak-M" (LLC) | Chelyabinsk Region | | |

CURRENT LEGISLATIVE STATUS ON SPIC

RESTART OF THE MECHANISM:

The Government of the Russian Federation is preparing amendments to the Federal Act "On industrial policy", Tax and Budget Codes as related to new conditions and regulations on special investment contracts (SPIC).

Draft amendments can be review at the federal web-portal <http://regulation.gov.ru/>

CONCEPTUAL CHANGES:



GOAL:

creation or modernization of and/or mastering production

development and (or) implementation of modern techniques¹

new



REVIEW OF APPLICATIONS FOR SPIC CONCLUSION:

as available

competitive selection

new



ACCESS TO SUBSIDIARY INCENTIVES:

within budgetary provisions for the financial year

possible guarantees for the duration of SPIC

new

CHANGES OF THE CONDITIONS:



DURATION OF SPIC:

up to 10 years

up to 15 years (1-50 bln RUB investments)
up to 20 years (over 50 bln RUB investments)

new



INVESTMENT VOLUME:

from 750 mln RUB (without VAT)

from 1 bln RUB (without VAT)

new



PROFIT TAX:

application of the preferential rate when at least 90% of revenue is generated by SPIC product sales

additional possibility to apply the preferential rate to the tax base from SPIC products subject to separate accounting

new

¹Modern technique is a manufacturing technology for a product which is competitive in the world market or which doesn't have Russian-made equivalents. The list of modern techniques is approved by the Government of the Russian Federation with the involvement of state authorities, business society and industrial groups.

CONSULTATION CENTER ON STATE SUPPORT FOR INDUSTRIAL ENTERPRISES

EACH DAY, THE CENTER OFFERS CONSULTATIONS IN THE FOLLOWING FOCUS AREAS:

1 IDF preferential loan programs

2 Subsidies to industrial enterprises for payment of interest on loans [Decree No. 3 of the RF Government]

3 Special Investment Contract (SPIC)

4 Federal support measures for industrial enterprises

5 CONSULTATION OPTIONS:



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ONLINE CHAT

"Open lines"