

## **Investment proposal of the project "Organization of a modern high-tech complex for milk processing and yogurt production"**

**1. Name of the Project:** "Organization of a modern high-tech complex for milk processing and yogurt production."

**2. General information about project initiator:** HC «Uzbekoziqovqatholding», address: 73a, Nukus St., Tashkent city Republic of Uzbekistan, 100015 Tel.: (+99871) 255-07-90, Fax: (+99871) 255-76-43, 255-55-79. E-mail: [invest\\_oil@mail.ru](mailto:invest_oil@mail.ru)

**3. Information on the enterprise, on the basis of which it is planned to implement the project:**

This project provides for the creation of a new enterprise (joint or foreign) with the participation of foreign direct investment. The enterprise will be located in the regions of the Republic of Uzbekistan, taking into account environmental conditions, logistics, etc.

**4. Information on the project on the organization of a modern high-tech complex for milk processing and yogurt production.**

### **4.1. Marketing for the production of milk and dairy products.**

The meat and dairy industry is one of the most important branches of the republic's food industry, providing the population with biologically valuable food products, necessary for human life.

Uzbekistan has a significant agricultural resource potential and is able to produce more than 10 million tons of milk per year and recycle up to 14%.

Recently, the dairy market in Uzbekistan is developing quite actively. Sales of dairy products in Uzbekistan in recent years demonstrate a steady positive dynamics in both monetary and in-kind terms. From an economic point of view, this sector is quite stable. There is an interest in this segment both among large producers, because the demand for products is constant, as well as for private traders, especially in areas with small economic opportunities. Demand is mainly covered by domestic production.

Stable demand for this type of domestic products allows its producers to confidently stay on the market, as well as increase volumes. Therefore, in 2016, the volume of production of whole milk in Uzbekistan amounted to 9.7 million tons, which is more than the result of 2015 by 7.48% and 2014 by 15%. In the world in terms of production of cow's milk, the leaders are the USA (93 million tons) and India (57.5 million tons), Russia occupies the 6th place (30 million tons) and Uzbekistan is 19th.

In the dairy industry, Uzbekistan has a significant potential: labor resources are inexpensive and highly skilled; prices for industrial land are low; there are many investment opportunities for processing milk and producing dairy products (yoghurts, etc.).

The favorable investment climate created for foreign investors, the legislative guarantees, privileges and preferences, as well as the convenient geographical location of the country, the availability of relatively cheap energy carriers, the possibility of obtaining unused buildings and facilities at zero cost for the investment commitment contribute to the organization of efficient production of the organization of processing meat products.

The main goal of this project is to saturate the domestic market with high-quality dairy products in the assortment, as well as export products to the CIS countries.

**4.2. Production:** The designed capacity of the enterprise is not less than 5 000 tons of finished products per year. To ensure the production of competitive and export-oriented products, it is necessary to purchase and install a modern production line and efficient production management.

**Availability of own raw materials base:** farms.

**Potential supplier of equipment:** The issue of determining the supplier of equipment is under consideration.

**The number of new jobs created (people):** 50 people, including 15 engineers and employees (with the possibility of increasing the coefficient of shifts).

#### **4.3. Construction, reconstruction or modernization.**

The direction of investment is new construction.

Engineering support:

- the need for a railway branch is available
- water supply - available
- Electricity - available
- Gas supply - available
- security - available

**4.4. Financing.** The approximate cost of the project is USD 10 000 thousand including:

- for the purchase of equipment - 8,000 thousand US dollars
- for construction and installation works - 1,500 thousand US dollars
- on other expenses (working capital for the purchase of raw materials, commissioning, selection and training of personnel) - 500 thousand US dollars.

Sources of project financing:

own means of the enterprise - 0

loans from commercial banks - 0

Foreign direct investment and loans - \$ 10,000 thousand

Project implementation period: 2018-2019.

#### **5. Expected results from the project.**

Annual output: 8,000 tons of dairy products

(the increase is possible from an increase in the coefficient of change in the operation of the equipment).

On the domestic market - 6 000 tons. on 7 800 thousand US dollars

for export - 2 000 tons. on 3 000 thousand US dollars

annual revenue from the project - USD 10 800 thousand

gross profit is 3,860 thousand US dollars, net profit is 2,250 thousand US dollars additional increase in exports through the implementation of the project-3,000 thousand US dollars

#### **6. Status of development and examination of project documentation.**

The project is at the initial development stage (PTEO).

## PASSPORT

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**Project location:** determined.

**Initiator of the project:** HC "Uzbekoziqovqatholding"

№	Name of the indicators	Unit of measurement	Project parameters	Notes
1	The total cost of the project:	mln USD	10.0	
1.1	in free convertible currency	mln USD	10.0	
1.2	in national currency	mln UZS	-	
2	Costs in free convertible currency, total	mln USD	10.0	
2.1	Equipment purchase	mln USD	8.0	
2.2	for construction and installation works	mln USD	1.5	
2.3	Other (commissioning, selection and training of personnel)	mln USD	0.5	
3	Costs in national currency, total	mln UZS	-	
3.1	Equipment purchase	mln UZS	-	
3.2	for construction and installation works	mln UZS	-	
3.3	Other	mln UZS	-	
4	Sources of financing:			
4.1	budget resources	mln UZS	-	
4.2	foreign credits, total	mln USD	-	
-	under the guarantee of the government	mln USD	-	
4.3	foreign direct investment, total	mln USD	10.0	
-	contribution to the statutory fund	mln USD	-	
4.4	own funds	mln UZS	-	
4.5	commercial bank loans	mln UZS	-	
4.6	other sources (specific)	mln UZS	-	
5	Estimated number of employees,	number of people	50	
5.1	new jobs	number of people	50	
6	Duration of construction, total	a month	16	
6.1	work start date	a month. a year	2018 y.	
6.2	commissioning date	a month. year	2019 y.	
7	Payback period, total	a year	4,5	
8	Annual volume of products, services in kind	tons	8 000	
8.1.	for export	tons	2 000	
8.2.	to the domestic market	tons	6 000	
9	Annual revenue from sales of products, services	mln UZS	88 560	
9.1	for export	mln USD	3,0	
9.2	to the domestic market	mln UZS	63 960	
10.	prospective markets for products:			
10.1	domestic market share	%	75	
10.2	share of the external market	%	25	

**Note:** in the calculations, the US dollar exchange rate was adopted equal to US \$ 1 = 8200.00 UZS.

The gross profitability of production is assumed equal to 30%, net profit is 20%.

Reducing the cost of production is achieved through the selection of energy-saving equipment and rational combination of the technological chain.