




BMB TRADE GROUP



# BMB AGRO TRADE agricultural company

**Project of construction of  
food cluster in Arnasoy  
district of Jizzah region**

# Preface



The Cabinet of Ministers of Uzbekistan issued decree # 351 dated May 5, 2017. To provide the execution of this decree by the initiative of “BMB TRADE GROUP” company, Agriculture and Water Resources Ministry and the hokimiyats of Jizzah region and Arnasoy district there has been carried out necessary procedures to construct a big food cluster in Arnasoy district..

According to this 5 year project, by cultivating agricultural crops and further producing, it will be created more than 300 jobs by constructing production site, residence buildings and social infrastructures. In addition, the amount of taxes flowing to the local budget will be about 8-10 billion Uzbek Sums.

The completion of the project will be another step towards development of the region in an innovative way. Modern production technologies will be fully in compliance with the demands of the life and the new quality of social services. The structure will meet all the required demands.



# Cluster's Definition



Cluster is the unification of producers of agricultural goods and the companies which will help to sell products by their own will in order to increase the effectiveness. This form of actual cooperation will enhance exchange of experience, bylateral assistance and the unification of efforts to execute new projects.

Establishing clusters will help increase social and economic potential of the region's budget income and creat new jobs. The government delivers full support for the creation of clusters.

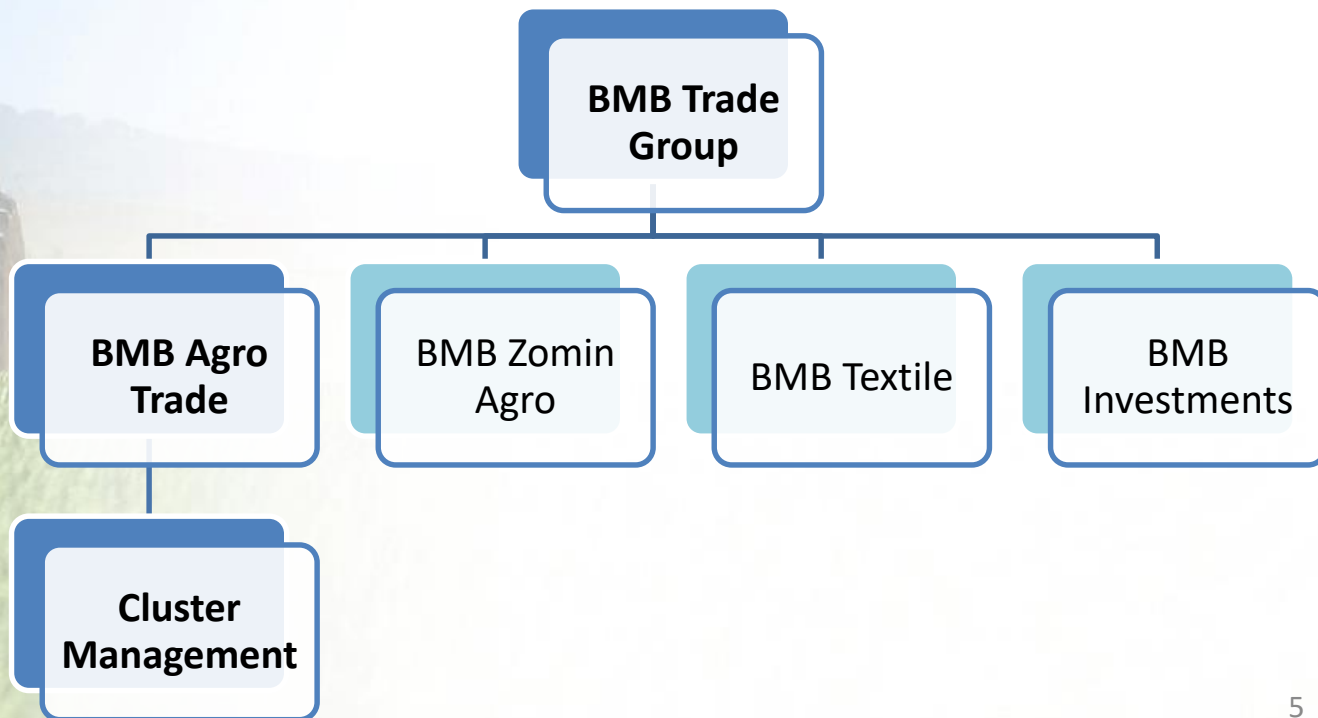
## «BMB Trade Group» LLC



«BMB TRADE GROUP» company which is specialized in export and import operations, producing agricultural products and textile goods, providing consulting services, initiated the construction of the cluster in Arnasoy District of Jizzah region. For the implementation of above mentioned project BMB AGRO TRADE agricultural company has been established in Arnasoy district. There will be production of wheat, leguminous crops, fruits, vegetables, beef and dairy products set up in this cluster for the state demand and further processing. In addition the products will be delivered to local and international customers.

The cluster will be the unique technological, economic and organizational complex of agricultural, production, service and sales units. In addition it's being planned to create an agriindustrial production process which includes construction, production and technical maintenance, provision with equipment and machinery.

# «BMB Trade Group» LLC





## Development strategy of the Company

*The development strategy of BMB AGRO TRADE consists of immediately identifying demand for the goods supplied in the market and satisfying this demand as it is possible.*

*Business technological chain:*


*According to agritechnical programm it is being planned to cultivate wheat for the state demand, cattle fodder, cultivate leguminous plants as a second crop, use crop rotation cultivation of vegetables and export products.*

*The final stage of production process in the agriindustrial cluster is the production of beef and diary products, especially milk, yoghurt, cheese, wheat and cattle feed. At present time within project implementation framework it has been cultivated 840 hectares of mung bean. After mung bean will have been collected and sold expected company revenue will reach amount of 4 billion Uzbek sums.*





## Legal base



*According to Action Strategy of the development of the republic of Uzbekistan in five prioritized directions in years 2017-2021 it is being planned to establish food cluster in Arnasoy district of Jizzah region and provide it's operations.*

*This initiative is based on three decrees have been recently adopted by the Cabinet of Ministers of the Republic of Uzbekistan related to Jizzah region:*

Dated from 05.05.17 #352.  
Approved the action  
programm of effective use  
of idle and weak  
enterprises, land areas and  
other properties.

Dated from 05.05.17 # 351.  
Approved the mechanism of  
permanent monitoring the  
financial –economic condition of  
business entities , assisting and  
supporting to solve problems  
connected to process production in  
a practical way.

Dated from 31.05.17 #332.  
Approved the total actions  
programm to improve business  
atmosphere, apply new ways and  
methods of motivation in developing  
enterpreneuership and accellerate  
social –economic development of  
Jizzah region in a radical way.



## Analysis of the Branch Condition

*Increase in the number of population and incomes will result in increase in demand for meat and diary products. The indicators for the year 2016 are as followings:*

- Cattle breeding related products production increased by 5-7 %;*
- Cattle breeding related products in amount of 16 trillion Uzbek Sums were produced;*
- The number of large horned cattle was 12 million*
- The volume of meat (live weight of cattle and sheeps) was 2 million tons;*
- 76 % of meat belonged to large horned cattle;*
- Milk production increased by 7 %;*
- 9 million tons of milk were produced;*
- Stable dynamics of Uzbekistan's beef and diary market was provided.*





## Reasons for establishing a cluster in Jizzah region

*Agriindustrial cluster in Jizzah region is being created as a pilot project. Project is assessed based on following factors:*

- All participants (cultivators, producers and further conversion units and sellers) are situated in a single geographic place;*
- Cluster is a pledge of success (Main precondition of successful operations of a cluster is the invitation of experienced and scientific personnel to this work) Another precondition is that the units of the Ministry of Rural and Irrigation Ministry will take part in its activities.*

## BMB Agro Trade

## Direction and structure of the Food Cluster

Cereals and leguminous crops cultivation



Animal husbandry and Cattle Breeding



Production of dairy products



Slaughterhouse and beef products



Cleaning, sorting and packing of leguminous crops



Trade houses in Uzbekistan and abroad







## Description of directions and economic calculations

According to technological chain the the overall functioning of the cluster will be performed in 6 directions:

- Average cultivation of agricultural crops in a year:
  - Autumn cereals - 1 972 tons,
  - Mung bean-4 842 tons(842 tons are produced in the cluster)
  - Beans – 500 tons
  - Peas – 300 tons
  - Melons and watermelons– 150 tons each
  - Peanuts– 150 tons
- Farm which owns 300 large horned cattle and produces 6000 kgs of milk per day;
- Dairy goods production unit (production of 6000 kgs of dairy per day);
- Slaughtering services (Modular workshop with the capacity of slaughtering 1000 cattle a year);
- Leguminous crops cleaning and packing unit(production capacity: 25000 tons a year)
- Trade houses in Uzbekistan and other countries (Export of wheat, leguminous crops, fruits and vegetables beef-dairy products).



# Main steps of the project

Preparation of land area, crop rotation plans, cultivation, agritechnical procedures, project documents, construction of cattle breeding and dairy production units. Ordering equipment and performing installation.

Implementation period of above mentioned procedures is up to 1 year

**STEP 1**

Preparation of cattle feed and step by step acquisition of 300 Hereford type cows for milking which are from fourth to seventh month of pregnancy. Placement of cows to a cattle farm and providing technological care for the cows.

The period of implementation of procedures in this step is from 6 months to 1.5 year.

**STEP 2**

Production of beef and dairy products, leguminous crops, sales through the sales department, exporting remaining products, provision of stability of production processes.

The period of implementation of procedures in this step will continue -after the first and second steps have been completed -on a permanent base.

**STEP 3**





*The economic base of  
«BMB Agro Trade» LLC agricultural company's consists  
of 6 production units*

Cultivation of  
cereals and  
leguminous crops

Animal husbandry  
and cattle breeding

Diary production

Slaughterhouse  
services and beef  
products

Cleaning  
leguminous crops,  
sorting and  
packing

Trade Houses in Uzbekistan and abroad



# Product description

*Our agricultural company has planned to cultivate wheat, leguminous crops like mung bean, peanuts, peas, melons and watermelons, fruits and vegetables and export them. In addition there will be produced beef and dairy products*

**Beef and dairy products.** The cluster is planning to produce wide range of dairy products and cheese. There are plans to buy modern technologies and equipment for the production processes.

There are plans to buy modern technologies and equipment.

**Leguminous crops.** Mung beans, peas, beans, nuts are valuable crops. The seeds of these crops are used in cooking and producing groats and flour. It's also possible to can peas and beans for sale.







# Possible threats and Project Risk Management


## ***Possible Market Threats to the Project***

- ❖ *Not following the project implementation schedules and excess expenses in comparison to planned Project*
- ❖ *Emergence of new competitors*
- ❖ *Decrease in yield productivity following natural disasters*
- ❖ *Decrease in demand for products in the market*

## Main indicators of investment project

No	Indicators	Amount	Amount
1	Amount of investment to the project (in thousand Uzbek Sums and USD)	<b>56 125 829</b>	<b>6 929 115</b>
2	Net Revenue (in thousand Uzbek Sums and USD)	<b>197 470 334</b>	<b>24 379 054</b>
3	Expenses (in thousand Uzbek Sums and USD)	<b>93 783 161</b>	<b>11 578 168</b>
4	Taxes (in thousand Uzbek Sums and USD)	<b>10 466 218</b>	<b>1 292 126</b>
5	Net Profit (in thousand Uzbek Sums and USD)	<b>93 220 955</b>	<b>11 508 760</b>
6	Project profitability, %	<b>47%</b>	<b>47%</b>
7	Profitability of Investment, ARR %	<b>33%</b>	<b>33%</b>
8	Internal Revenue Rate, IRR %	<b>18%</b>	<b>18%</b>





## Инвестициявий лойиҳанинг асосий кўрсаткичлари

#	Indicators	Amount In Uzbek	Amount in USD
9	Net Present Value of Revenue(NPV, in thousand Uzbek Sums and USD)	<b>6 337 751</b>	<b>782 438</b>
10	Discounted payback period DPD (in years)	<b>4,43</b>	<b>4,43</b>
11	Discount rate, r %	<b>14%</b>	<b>14%</b>
12	Profitability index PI, %	<b>111,29%</b>	<b>111,29%</b>
13	Payback period(in years)	<b>3,01</b>	<b>3,01</b>
14	Number of employees	<b>300</b>	<b>300</b>

# Estimated Net Revenue from the Project

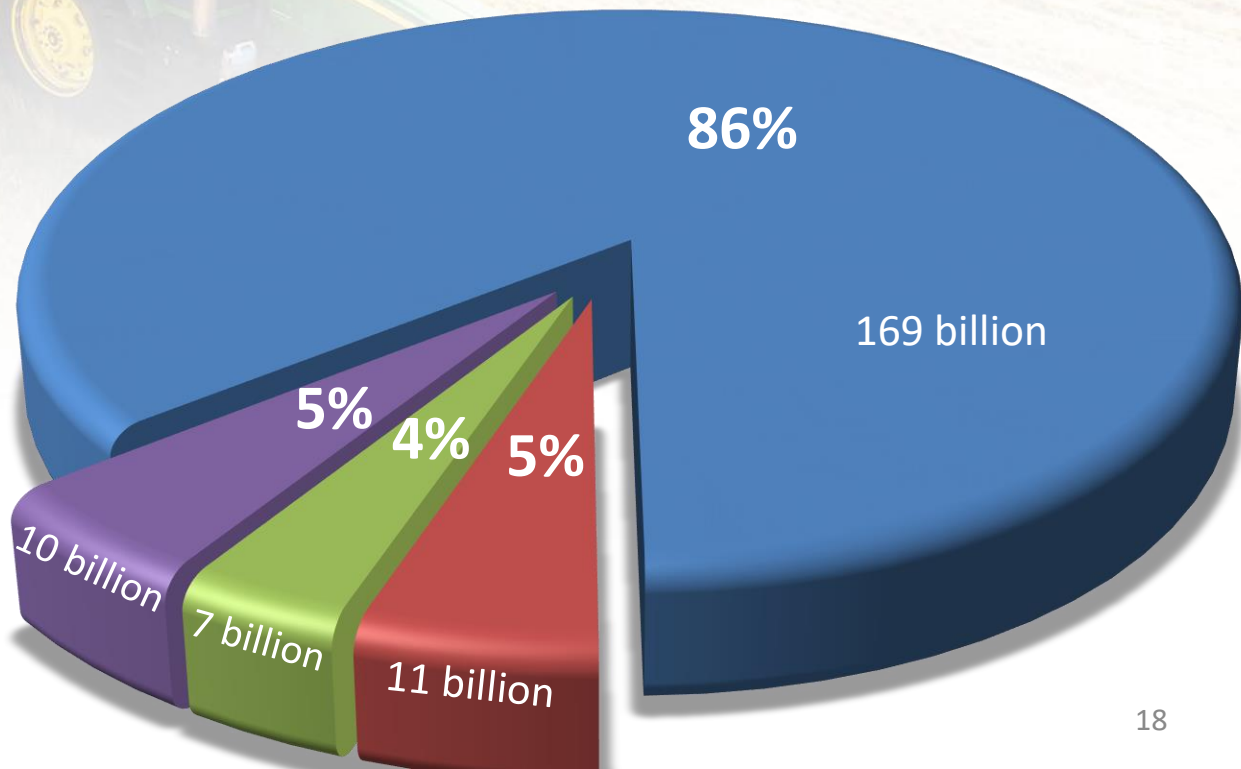
Estimated net revenue from the project will be 197 billion Uzbek Sums in total

Cultivation and sales of  
leguminous crops

Production of dairy  
products

Production and sales of  
beef

Slaughterhouse services







## Total volume of investments

#	Expenses	Amount in USD	Amount in Uzbek Sums (in thousand sums)
1	Construction works	3 377 814	27 360 293
2	Machinery and equipment	940 000	7 614 000
3	Working capital	2 240 930	18 151 535
4	Irrigation works	370 370	3 000 000
Total		6 929 115	56 125 829

To support this project and improve the meliorative condition of soil the government will invest 5 billion Uzbek Sums. Works in amount of 2 billion Uzbek Sums have been completed now.

# Investments to construction

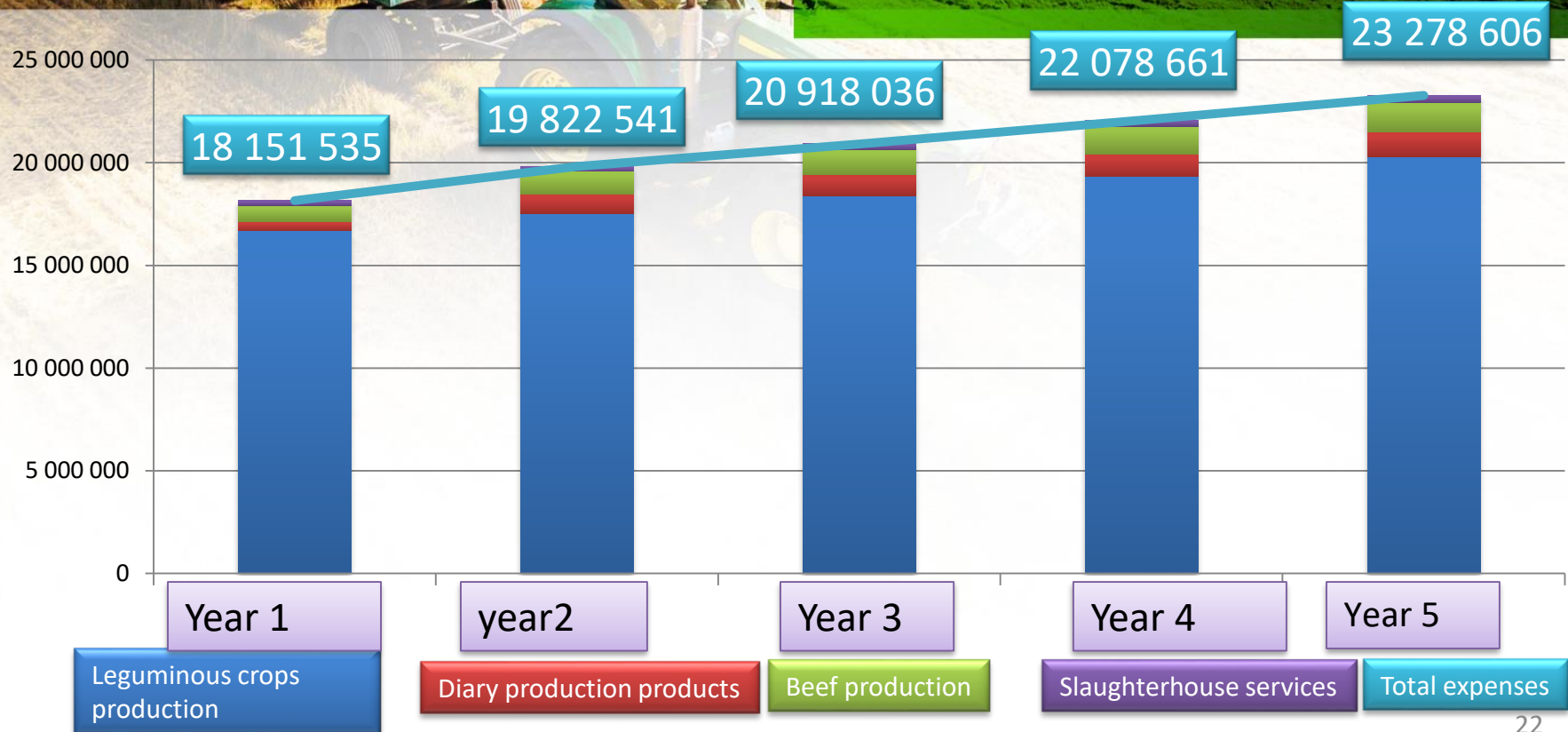
#	Expenses	m2	Amount in Uzbek Sums (in thousand Sums)	Amount in USD
1	Checkpoint	95	230 364	28 440
2	Resting room fro employees	448	1 088 640	134 400
3	Canteen	114	276 485	34 134
4	Sanitary facilities for employees	86	208 494	25 740
5	Administration building	268	651 240	80 400
6	Toilet	80	194 400	24 000
7	Unit for sorting and packing of leguminous crops	2 240	5 443 200	672 000
8	Slaughterhouse	1 120.	2 721 600	336 000
9	Animal Husbandry and Cattle Breeding farm	2 686	6 526 980	805 800
10	Diary production facility	1 343	3 263 490	402 900
11	Mixed fodder production facility	2 240	5 443 200	672 000
12	Cottages	540	1 312 200	162 000
Total amount		11 260	27 360 293	3 377 814



## Investment to equipment

#	Expenses	Amount	Unit price in USD	Total price in Uzbek Sums (in thousand Sums)	Total price in USD
1	Buying cattle	300,00	1 300	3 159 000	390 000
2	Transportation costs for the acquired cattle	300,00	150	364 500	45 000
3	Milk production and packing line(6000 liters per day)	1,00	175 000	1 417 500	175 000
4	Slaughterhouse equipment	1,00	80 000	648 000	80 000
5	Sorting and packing equipment for leguminous crops.	1,00	200 000	1 620 000	200 000
6	Other expenses	1,00	50 000	405 000	50 000
<b>Total cost</b>				<b>7 614 000</b>	<b>940 000</b>

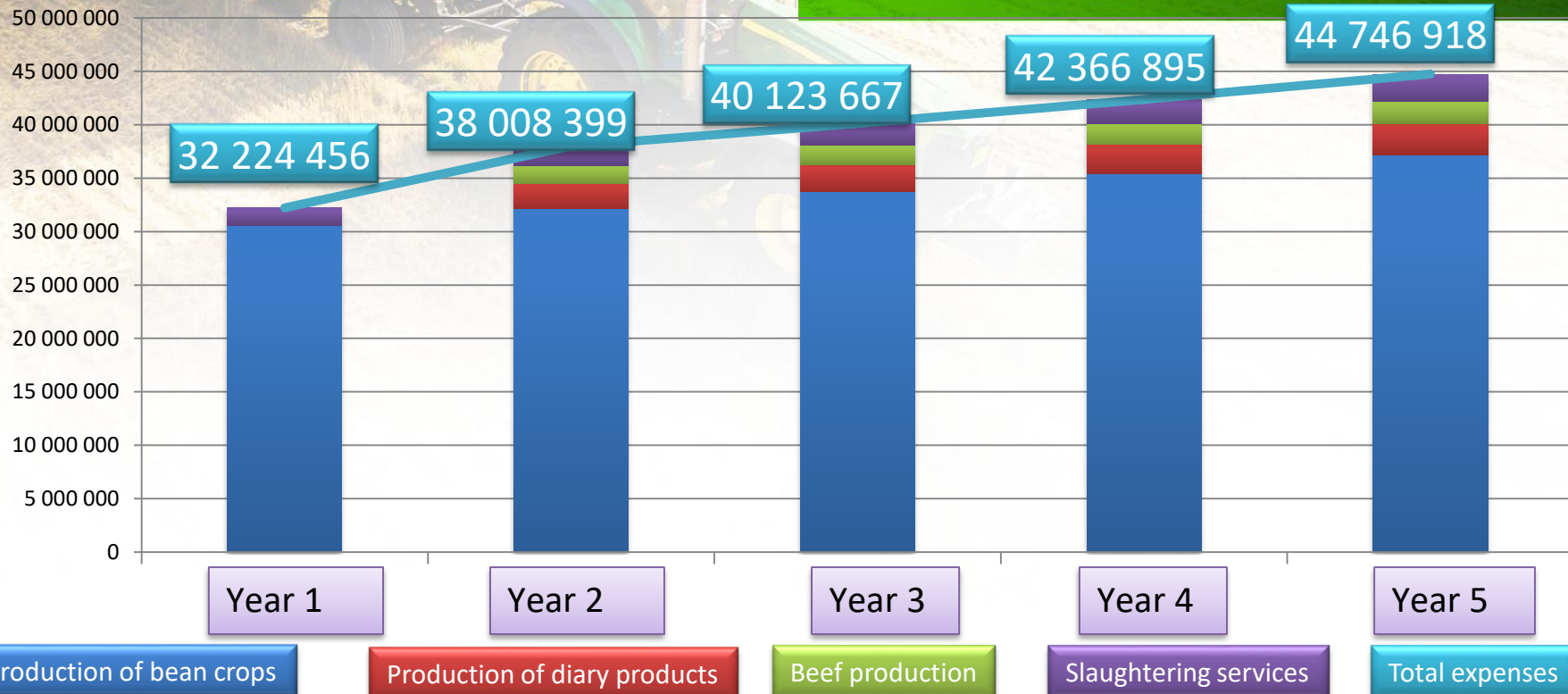
## Project expenses dynamics (in thosand Uzbek Sums)







## Estimated Project revenue dynamics (in thousand Uzbek Sums)





## «BMB Agro Trade» LLC Location

Arnasoy District of Jizzah region of the Republic of Uzbekistan







Жиззах вилояти Арнасой тумани, Самарканд ш/х  
"BMB AGRO TRADE" агрофирмаси томонидан ташкил этиладиган кластер эскиз лойиҳаси



"BMB AGRO TRADE"  
директори

Мамазатқов А.



"Discovery Architects Group" МЧК  
директори:

Хамроқуллов Н.

- 1-Checkpoint
- 2- Resting room
- 3-Canteen
- 4- Sanitary facilities
- 5-Main administrative building
- 6-Toilet
- 7- Fodder production unit
- 8- Slaughterhouse
- 9-Cattle farm
- 10-Diary production unit

- 11- Mung bean processing unit
- 12- Fire extinguishing equipment
- 13- Cottages
- 14- Sowing areas1
- 5-Existing road
- 16-Existing drainage
- 17-Existing canal





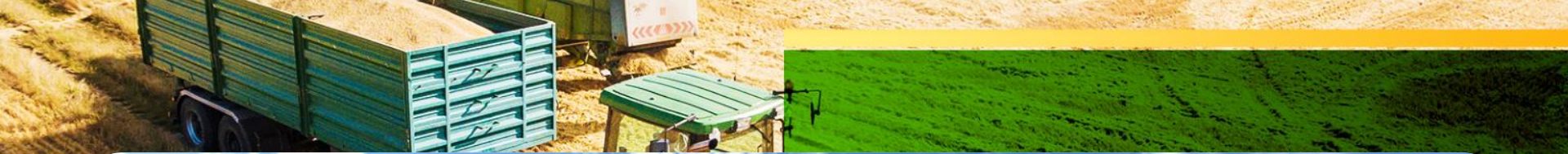








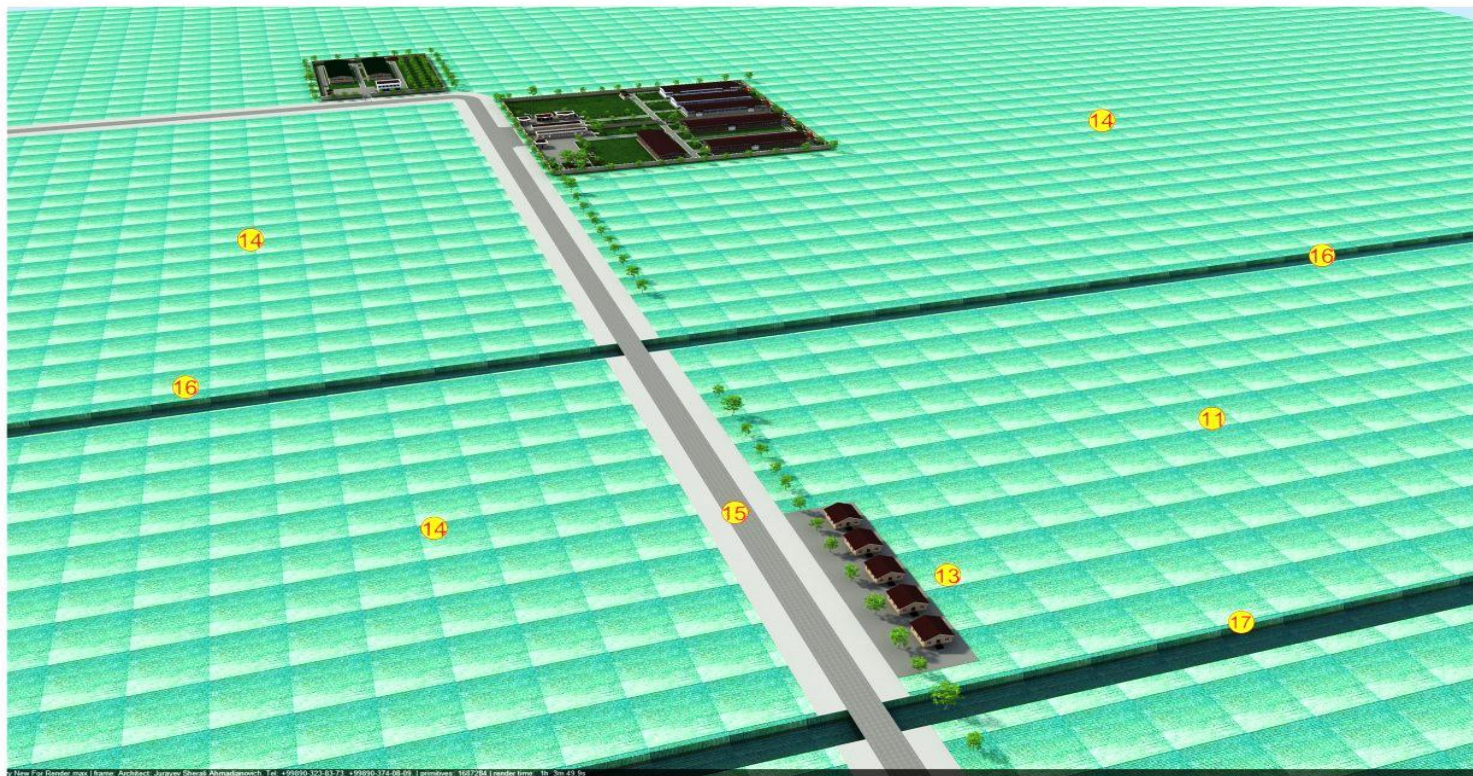












13-cottages 108 m2x5=540 m2  
14- Sowing areas

15-Existing road  
16-Existing drainage  
17-Existing canal



To wrap up we must say that project implementation has special social and economic importance, and will:

- ❖ Increase export potential of our country
- ❖ Give special preferences to investors and attracts direct foreign investment
- ❖ Create jobs in rural areas
- ❖ Provide remote regions of Uzbekistan with effective enterprise management methods

We kindly ask you to support our project!

# Thank you for the attention!