



BUSINESS PLAN

ULUGNOR TEXTILE CLUSTER



1. PROJECT SUMMARY

The project aims to establish a textile cluster in the Ulugnor district of Andijan region, focusing on processing cotton fiber and producing finished fabrics, as well as implementing an independent energy generation system based on a biogas plant.

Key Project Parameters:

- **Cotton fiber processing capacity:** 50,000 tons per year.
- **Finished fabric production:** 10,000 tons per year.
- **Export potential:** 70% of production (Russia, Kazakhstan, Turkey, EU).
- **Job creation:** +2,500 employees (weavers).
- **Independent energy supply:** Biogas plant (4–5 MW capacity).
- **Project payback period:** 5.5 years.
- **Total investment:** \$33,100,000 (~436.92 billion UZS at 1 USD = 13,200 UZS).

2. MARKET ANALYSIS AND PROJECT POTENTIAL

Market Conditions:

- **Annual growth of domestic textile demand in Uzbekistan:** 20%.
- **Import substitution potential:** 40% of fabrics are imported.
- **Global demand for eco-friendly textiles:** Growth of 8–10% per year.
- **Annual textile exports from Uzbekistan:** \$2.87 billion (2024).
- **Main markets:** Russia (25%), EU (+35% due to GSP+), Turkey.

Main Competitors in Uzbekistan:

Company	Location	Export (\$ million)
Uztex Group	Tashkent	500
Bek Mega Textile	Namangan	250
Namangan Textile	Fergana	200
Malika Laboratories	Andijan	100

3. CAPITAL EXPENDITURES (CAPEX)

Expense Category	Amount (USD)	Amount (UZS)
Land and Infrastructure	\$3,500,000	46.2 billion UZS
Production Equipment	\$15,000,000	198 billion UZS
Biogas Plant	\$5,500,000	72.6 billion UZS
Logistics and Transportation	\$2,000,000	26.4 billion UZS
Other Costs	\$7,100,000	93.72 billion UZS
Total CAPEX	\$33,100,000	436.92 billion UZS

4. OPERATING EXPENSES (OPEX)

Expense Category	Monthly (USD)	Annual (USD)	Annual (UZS)
Raw Materials (Cotton)	\$1,800,000	\$21,600,000	285.12 billion UZS
Electricity and Gas	\$400,000	\$4,800,000	63.36 billion UZS
Salaries (2,500 employees)	\$750,000	\$9,000,000	118.8 billion UZS
Technical Maintenance	\$100,000	\$1,200,000	15.84 billion UZS
Marketing and Logistics	\$150,000	\$1,800,000	23.76 billion UZS
Total OPEX	\$3,200,000	\$38,400,000	507.84 billion UZS

5. MARKET DEMAND FOR TEXTILE PRODUCTS (DOMESTIC AND INTERNATIONAL)

Segment	Domestic Market Size (million USD)	Annual Growth (%)	Import Share (%)	Export Share (%)
Cotton Fiber Processing	1,500	5%	30%	70%
Finished Fabric Production	2,000	7%	40%	60%
Knitted Products	750	6%	50%	50%
Apparel	1,200	8%	60%	40%
Textile Waste Recycling (Biogas)	300	10%	10%	90%

The textile industry continues to grow, offering strong opportunities for domestic production expansion. A high share of imports indicates significant potential for local production growth, supported by Uzbekistan's government incentives, tax benefits, and investment-friendly policies promoting domestic textile manufacturing.

6. PROFIT AND LOSS STATEMENT

Indicator	Year 1 (UZS)	Year 2 (UZS)	Year 3 (UZS)	Year 4 (UZS)	Year 5 (UZS)
Revenue	198 billion	396 billion	528 billion	660 billion	792 billion
Operating Expenses (OPEX)	507.84 billion	507.84 billion	507.84 billion	507.84 billion	507.84 billion
Net Profit	-308.88 billion	-110.88 billion	21.12 billion	153.12 billion	285.12 billion
Cumulative Profit	-308.88 billion	-419.76 billion	-398.64 billion	-245.52 billion	39.6 billion

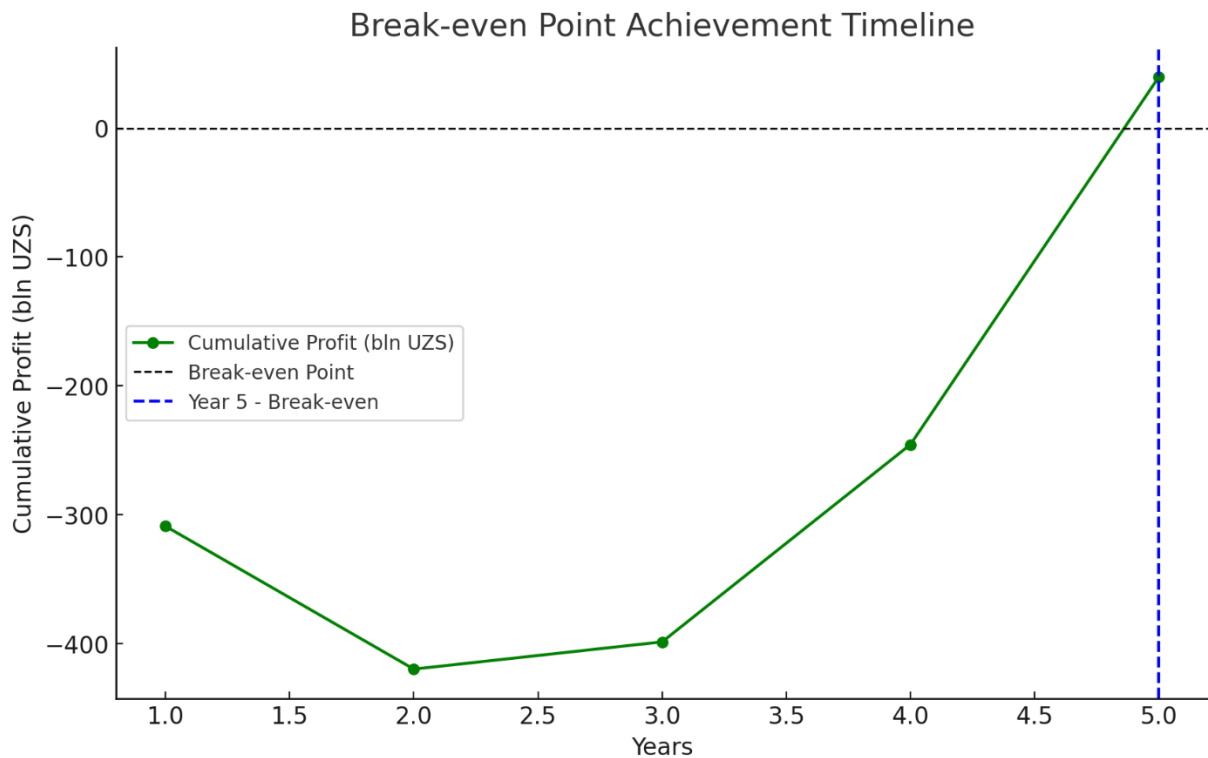
Break-even point is reached in Year 5, demonstrating long-term profitability, achieved through strategic cost optimization, efficient energy management via the biogas plant, and strong export market penetration.

7. CASH FLOW ANALYSIS

Year	Operating Revenue (UZS)	Operating Expenses (UZS)	Net Cash Flow (UZS)	Cumulative Cash Flow (UZS)
1	198 billion	507.84 billion	-308.88 billion	-308.88 billion

2	396 billion	507.84 billion	-110.88 billion	-419.76 billion
3	528 billion	507.84 billion	21.12 billion	-398.64 billion
4	660 billion	507.84 billion	153.12 billion	-245.52 billion
5	792 billion	507.84 billion	285.12 billion	39.6 billion

The project achieves positive cash flow by Year 5.



Break-even Point Achievement Timeline Explanation

This graph illustrates the cumulative profit progression (in billion UZS) over five years, demonstrating the project's path to break-even.

1. Initial Losses (Years 1-2):
 - In the first year, the project incurs a significant cumulative loss of -308.88 billion UZS due to high capital and operational expenditures.
 - By Year 2, cumulative losses deepen to -419.76 billion UZS, reflecting ongoing investment before revenue significantly scales.
2. Turning Point (Years 3-4):
 - In Year 3, profitability begins improving, reducing cumulative losses to -398.64 billion UZS.
 - By Year 4, operational efficiency and increased revenue contribute to a major reduction in cumulative losses to -245.52 billion UZS.
3. Break-even Achievement (Year 5):
 - In Year 5, the project surpasses the break-even threshold, reaching a positive cumulative profit of 39.6 billion UZS.
 - This milestone is achieved through a combination of cost optimization, increased production capacity, and export expansion.

8. CONCLUSION

The Ulugnor Textile Cluster presents a strategic, high-yield investment with an expected ROI exceeding industry benchmarks, outperforming regional competitors through optimized production efficiency and cost-effective operations. in Uzbekistan's booming textile industry. Combining export-driven expansion, cost-efficient energy solutions, and compliance with global quality standards, this project offers compelling long-term returns for forward-thinking investors.

Key Investment Advantages

- State-of-the-Art, High-Return Textile Facility: The cluster is built with advanced manufacturing technology, ensuring optimal efficiency, cost-effectiveness, and superior product quality in line with global textile trends.
- Export-Driven Business Model (70% of Production): Strategically positioned to capitalize on duty-free exports to the EU (GSP+), along with major trade flows to Russia, Turkey, and Central Asia.
- Cost Optimization Through Biogas Energy: A cutting-edge biogas power system slashes energy expenses by up to 70–85%, significantly reducing costs compared to conventional fossil fuel-based energy sources, which typically account for 30–50% of textile manufacturing expenditures., securing long-term cost competitiveness in an energy-intensive sector.
- Fast Payback and Sustainable Profitability: With a payback period of just 5.5 years, this project offers accelerated ROI, ensuring consistent cash flow and long-term financial stability for investors.
- Certified for Global Market Entry: Meeting ISO, OEKO-TEX, and GOTS standards, the facility ensures compliance with international environmental and ethical sourcing requirements, reinforcing strong partnerships with global buyers.

Why Now?

As Uzbekistan rapidly ascends as a global textile manufacturing powerhouse, bolstered by pro-business policies, tax incentives, and skilled labor, this project provides a prime investment opportunity with high growth potential. Investors seeking a scalable, cost-efficient, and future-proof venture should seize this opportunity now to secure a strategic foothold in a thriving industry.

- Modern, highly profitable textile production facility.
- Export-oriented business model (70% of production).
- Innovative energy supply system (biogas) reducing costs by up to 70–85%.
- Payback period: 5.5 years.
- Compliant with international standards (ISO, OEKO-TEX, GOTS).