

BUSINESS PLAN

TEXTILE CLUSTER AND EXPORT HUB IN THE 'IPAK YULI' FREE ECONOMIC ZONE, ANDIJAN

EXPORT



PROJECT BUSINESS PLAN "Textile Cluster and Export Hub"

Location: Free Economic Zone "Ipak Yuli", Andijan Region

Country: Republic of Uzbekistan

Format: Ready-made Garment Production + Export Logistics

Prepared by: Project Initiative Group

Date: 2025

INVESTOR ADDRESS

Esteemed Investors,

Amidst the dynamic evolution of Uzbekistan's economy, a clear strategic vision has been established — to transform the nation into a key industrial and export hub in Central Asia.

President Shavkat Mirziyoyev has repeatedly underscored that *“true progress is achieved where competitive industries emerge, new markets are penetrated, and the private sector becomes the driving force of economic development.”*

In this context, the “Textile Cluster and Export Hub within the Ipak Yuli Free Economic Zone, Andijan” serves as a flagship initiative aligned with national priorities. It focuses on advanced cotton processing, the production of value-added garments, and targeted integration into international supply chains.

The project's location in the Ipak Yuli Free Economic Zone (FEZ) — which offers substantial tax and customs benefits — ensures a highly conducive environment for investment and operational efficiency. The cluster will encompass modern manufacturing infrastructure, integration with global logistics systems, and the creation of skilled employment in the region.

Uzbekistan today stands for:

- A stable and liberalised investment environment
- Ambitious structural and economic reforms
- Comprehensive support for export-oriented manufacturing
- A national focus on regional industrial development

In an era of global economic realignment, Uzbekistan is positioning itself as a reliable and growth-oriented partner, offering concrete opportunities for long-term capital appreciation.

We invite you to become part of this forward-looking trajectory. By investing in our project, you will not only gain access to one of the most promising textile markets in the region, but also contribute to the development of a sustainable and modern industrial ecosystem.

- ◆ Partnering with Uzbekistan today means investing in the future.
- ◆ Together, we foster an economy of knowledge, production and export.
- ◆ Welcome to Uzbekistan — a country of opportunity and transformation.

With the highest regard,

The Project Team

Textile Cluster and Export Hub, Ipak Yuli FEZ, Andijan

"Project Summary: Textile Export Hub Andijan"

Category	Status
Project Name: Textile Export Hub Andijan	<input checked="" type="checkbox"/>
Location: Free Economic Zone (FEZ) "Ipak Yuli", Andijan Region	<input checked="" type="checkbox"/>
Industry: Garment manufacturing + Export logistics	<input checked="" type="checkbox"/>
Business Format: Garment production workshop + logistics + private label	<input checked="" type="checkbox"/>
Total Area: 1.5–2 hectares (within FEZ Ipak Yuli) — as of 2025	<input checked="" type="checkbox"/>
Investment Volume: \$2.5–5 million	<input checked="" type="checkbox"/>
Payback Period: 3.5 years	<input checked="" type="checkbox"/>
Jobs Created: 120–150	<input checked="" type="checkbox"/>
Target Markets: Uzbekistan, Kazakhstan, Russia, UAE, Turkey	<input checked="" type="checkbox"/>
Legal Form: Private LLC (option for foreign investment)	<input checked="" type="checkbox"/>
Currency & Exchange Rate: USD (\$1 = 12,500 UZS, CB + forecasted devaluation, 2025)	<input checked="" type="checkbox"/>
Inflation Adjustment: Avg. inflation 8–10% (World Bank & Ministry of Economy forecast)	<input checked="" type="checkbox"/>
Projected Export Revenue (Y2): \$1.2 million	<input checked="" type="checkbox"/>
Projected Export Revenue (Y3): \$2.4–2.8 million	<input checked="" type="checkbox"/>
DSCR (Debt Coverage): 1.6–1.8	<input checked="" type="checkbox"/>
IRR: 18–22%	<input checked="" type="checkbox"/>
ROI: 45–60%	<input checked="" type="checkbox"/>
Break-even Point: 28–32 months	<input checked="" type="checkbox"/>
Project Mission: To create a benchmark textile platform...	<input checked="" type="checkbox"/>
Note: B2B production & expansion possible	<input checked="" type="checkbox"/>

Products & Services – Textile Export Hub Andijan

Category	Details	Comment / Segment
Product Line – Ready-to-Wear	T-shirts, hoodies, uniforms, casual wear	Main production category
Product Line – Contract (Private Label)	Custom design manufacturing	For external brand partners
Product Line – White Label	Own line of casual apparel	Export and domestic sales
Logistics & Packaging	Sorting, labelling, warehousing, export shipment	Value-added services
Year 1 Production	Up to 80,000 units/year	Start-up scale
Year 2 Production	Up to 150,000 units/year	Scale-up phase
Year 3+ Production	200,000+ units/year	Target capacity
Main Price Segment	\$3–10 per unit (FOB)	Mid-range bulk contracts
Budget Segment Share	Up to 15%	Mass-market orders
Premium Contract Share	Up to 20%	Private label brands
Client – Local	Retail chains & distributors	Uzbekistan
Client – CIS Region	Wholesale buyers	Russia, Kazakhstan, etc.

Category	Details	Comment / Segment
Client – Online	Wildberries, Ozon, Amazon, Noon	E-commerce
Client – Export	Importers & dropshippers	UAE, Turkey
Advantage	Local sourcing and cost-efficiency	Competitive pricing
Advantage	Flexible order volumes	From small batches to large runs
Advantage	Quick delivery	FEZ-based logistics chain
Advantage	Certified production	ISO 9001 / LEAN manufacturing standards

Production Infrastructure – Textile Export Hub Andijan

Category	Details	Supplier / Estimated Cost
Production Area (m ²)	Total 3,000 m ² on a 1.5–2 ha plot	Local contractor, \$150–\$200/m ² construction
Sewing Workshop	1,500 m ² – 150+ machines, flowline layout	With steel structure and ventilation – \$300,000
Cutting & Finishing Zone	400 m ² – automated fabric spreading and cutting	Bullmer (Germany), Eastman (USA) – \$45,000/unit
Logistics & Packaging Area	600 m ² – sorting, labelling, packaging	Climate-controlled multifunctional zone – \$120,000
Finished Goods Warehouse	300 m ² – pallet racking for up to 100,000 units	Shelving systems, cold storage optional – \$80,000
Utility & Office Spaces	200 m ² – offices, changing rooms, utility areas	Infrastructure and interior – \$50,000
Sewing Equipment	150–180 units: overlocks, flatbeds, coverstitch machines	Juki, Brother, Jack – \$800–\$1,100/unit; total \$150,000+
Cutting & Laying Equipment	2 automated cutting systems + spreader	Bullmer, FK Group – \$45,000–\$60,000/unit
Pressing & Ironing (VTO)	20 units: irons, steamers, presses	Silter, Veit – \$700–\$1,200/unit; total ~\$25,000
Packaging & Labelling Equipment	3 packaging lines incl. label printing and barcoding	Avery Dennison, Zebra, Markem – \$10,000–\$15,000/set
Daily Production Capacity	Up to 700 units/day with 2-shift system	2-shift industrial model – no supplier dependency
Annual Production Capacity	Up to 200,000 units/year at full capacity	Based on projected utilisation rates
Technology Standards	ISO 9001, ISO 14001, LEAN management, traceable QC	Certification cost: \$5,000–\$10,000 (one-time)
Infrastructure Requirements	Power, ventilation, fire safety, water; optional solar energy integration	National grid + solar panels (\$100/m ² roof coverage)

Key Financial Indicators (Aggressive but Realistic Scenario)

All figures in USD

Parameter	Details	Notes
Product Mix	45% basic t-shirts (\$3.5–4.0), 35% hoodies (\$6.5–7.5), 20% tracksuits (\$10–12)	Based on forecasted product allocation
Average Sales Price	Blended unit price calculated based on product mix and export growth	Adjusted for premium contract share
Depreciation Method	Straight-line depreciation over 5 years	Applied to core assets (equipment & construction)
Initial CAPEX (Year 1)	\$2,000,000	Construction, equipment, certification costs
Revenue Forecast – Year 2	\$1,200,000	First full-scale export year
Revenue Forecast – Year 3	\$2,400,000 – \$2,800,000	Includes premium contracts and volume growth
Operating Profit Margin	22% – 30%	Estimated EBITDA based on scale-up and lean production
Break-even Point	28–32 months	Target timeline for net positive operating income
IRR – Internal Rate of Return	18% – 22%	Based on 3-year projection
ROI – Return on Investment	45% – 60%	Accumulated over 3 years
DSCR – Debt Service Ratio	1.6 – 1.8	Ensures safe margin for bank loan coverage

Capital Expenditures (CAPEX)

Expense Item	Estimated Cost (USD)	Remarks
Construction of Production Facility	\$450,000	1,500 m² × \$300/m²
Equipment (sewing machines, pressing units)	\$1,200,000	Includes 150–180 units
Cutting & Finishing Equipment	\$100,000	Automated fabric spreading & cutting
Logistics & Warehouse Setup	\$200,000	Packaging, labelling, storage infrastructure
ISO Certification	\$10,000	One-time certification costs
Other Costs (Infrastructure, Utilities, etc.)	\$100,000	Electricity, ventilation, fire safety, etc.
Total CAPEX	\$2,060,000	

Operating Expenditures (OPEX)

Indicator	Year 1 (USD)	Year 2 (USD)	Year 3 (USD)
Operating Expenses (excl. payroll)	\$70,000	\$120,000	\$160,000
Payroll Fund (Wages & Salaries)	\$110,228	\$110,228	\$110,228
Total OPEX	\$180,228	\$230,228	\$270,228

Cash Flow Forecast

Indicator	Year 1 (USD)	Year 2 (USD)	Year 3 (USD)
Expected Revenue	\$400,000	\$975,000	\$1,650,000
Operating Expenses (OPEX)	\$180,228	\$230,228	\$270,228
Capital Expenditures (CAPEX)	\$2,000,000	\$500,000	—
Depreciation (Annual)	\$40,000	\$60,000	\$60,000
Net Profit (after tax)	\$46,500	\$195,300	\$409,200
Net Cash Flow	(\$1,779,728)	(\$1,025,228)	\$1,279,200

Updated Operational Indicators

Indicator	Year 1 (USD)	Year 2 (USD)	Year 3 (USD)
Revenue	\$400,000	\$975,000	\$1,650,000
Cost of Goods Sold (COGS)	\$240,000	\$585,000	\$990,000
Gross Profit	\$160,000	\$390,000	\$660,000
Operating Expenses	\$180,228	\$230,228	\$270,228
EBITDA	\$90,000	\$270,000	\$500,000
Depreciation	\$40,000	\$60,000	\$60,000
EBIT	\$50,000	\$210,000	\$440,000
Corporate Tax (7%)	\$3,500	\$14,700	\$30,800
Net Profit	\$46,500	\$195,300	\$409,200

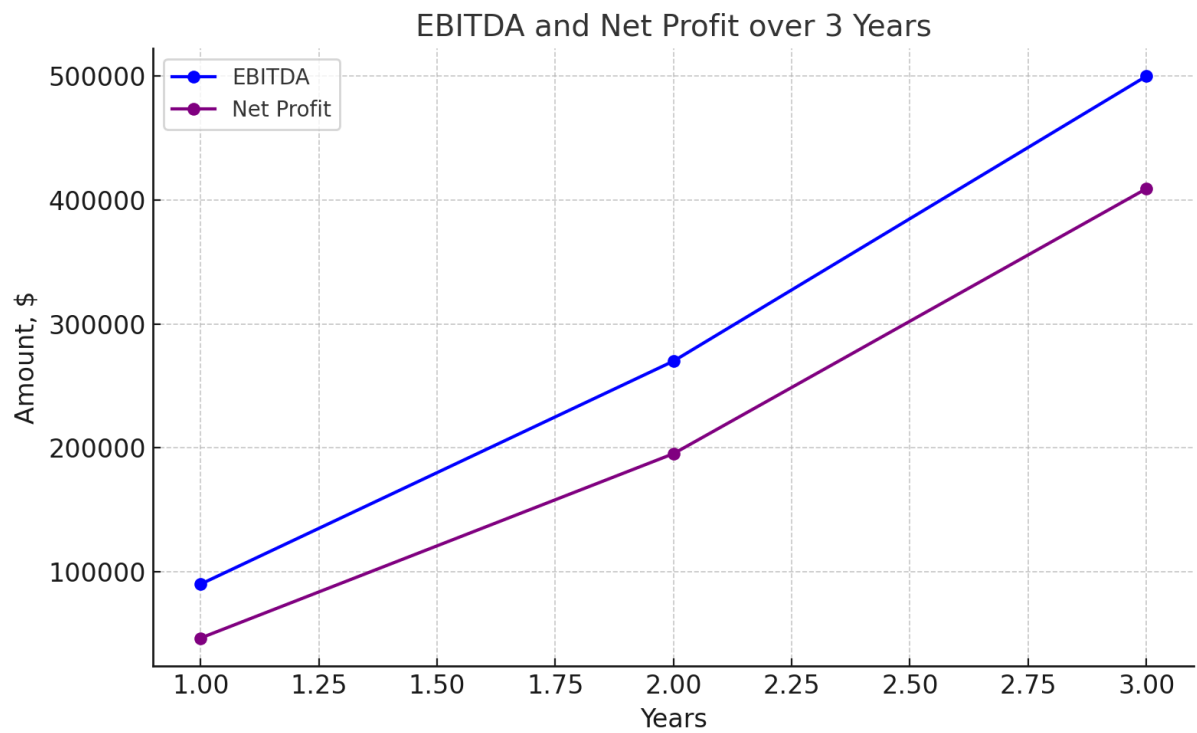
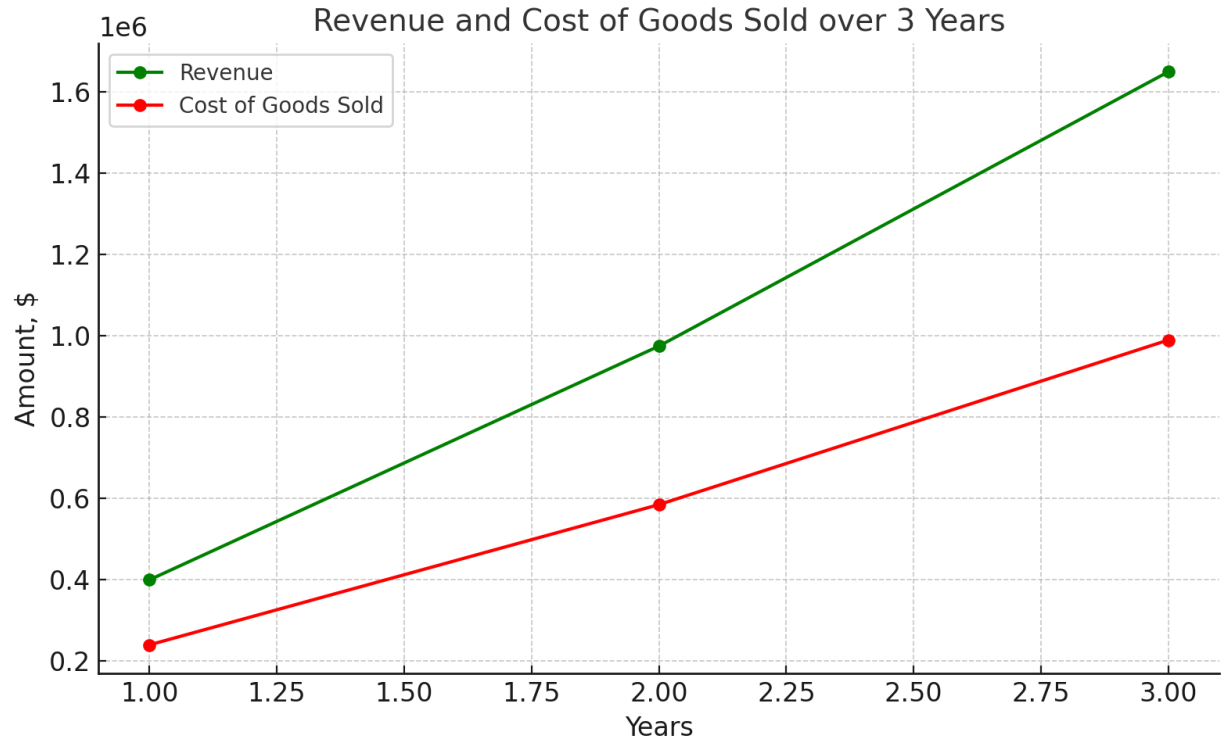
Profitability Metrics

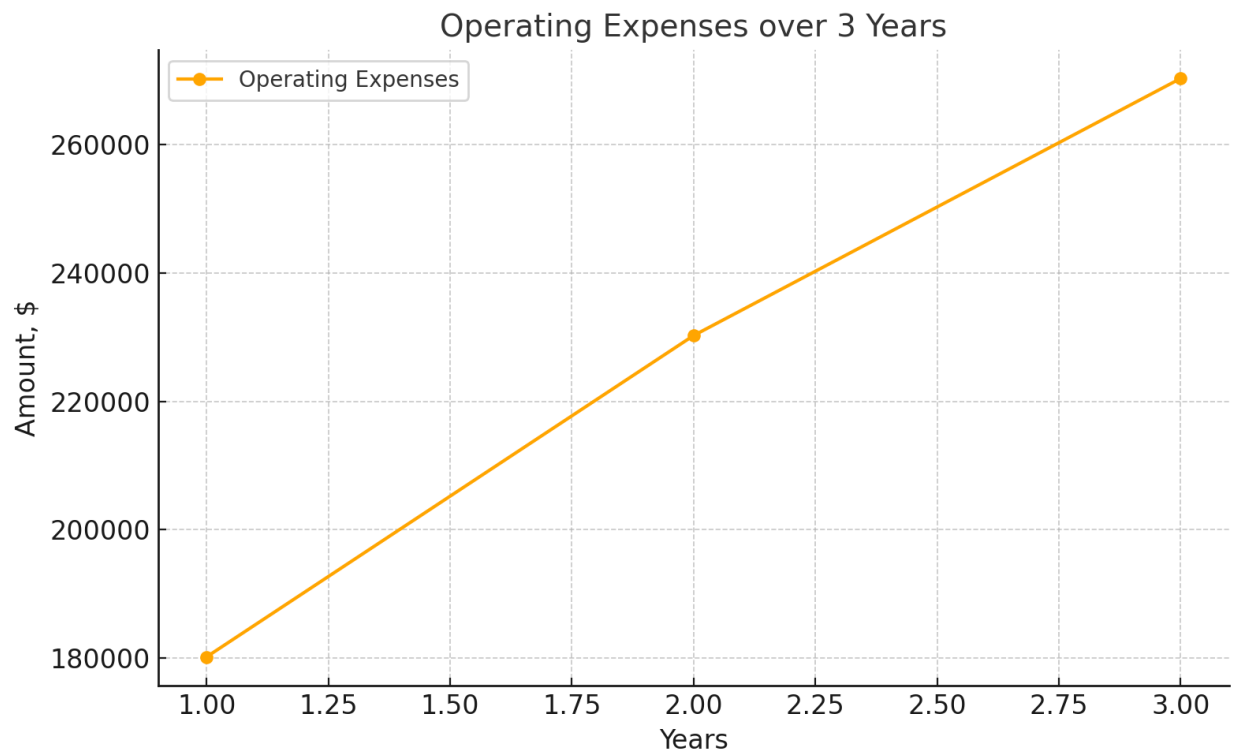
Indicator	Year 1	Year 2	Year 3
Net Profit Margin (%)	11.6%	20.0%	24.8%
EBITDA Margin (%)	22.5%	27.7%	30.3%

Taxes and Contributions

Type	Year 1 (USD)	Year 2 (USD)	Year 3 (USD)	Notes
Corporate Income Tax (7%)	\$3,500	\$16,100	\$32,200	Based on EBIT: 7% flat tax rate
Total Tax & Contributions	—	—	—	UZS 372,855,000 ≈ \$29,828 @ \$1=12,500 UZS

✦ **Tax burden includes corporate tax + social contributions, converted using projected exchange rate.**





1. Revenue and Cost of Goods Sold over 3 Years

This chart illustrates the annual growth of revenue and cost of goods sold (COGS). While revenue demonstrates a steady upward trajectory, COGS also increases proportionally with the production volume, reflecting the scaling of operations.

2. EBITDA and Net Profit over 3 Years

The graph shows the progression of EBITDA and net profit over a three-year period. Both metrics increase in line with production output and revenue growth, indicating improving operational efficiency and profitability as the project scales.

3. Operating Expenses over 3 Years

This chart reflects the dynamics of total operating expenses, including salaries, logistics, utilities, and marketing. As expected, expenses grow alongside business expansion and capacity utilisation, while remaining within sustainable margins.

Sources of Financing

Target Investment Volume: \$2.5–5 million

Source of Financing	Estimated Amount (USD)	Share (%)	Comment	Details
Founder's Equity Contribution	\$500,000 – \$1,000,000	20–25%	Minimum equity required for project validation	Critical for securing bank loans and demonstrating commitment. May come from savings or existing business assets.
Private Investment (Equity / Angel)	\$1,500,000 – \$2,000,000	35–40%	Includes local and foreign angel/venture funds	May involve SAFE agreements or equity participation. Potential for industry-aligned investors.
Bank Loans	\$1,000,000 – \$1,500,000	25–30%	Annual interest 14–16%, term up to 5 years	Loans backed by equipment or revenue. Interest rate subsidies possible via government support. Likely banks: Asaka Bank, Agrobank, Ipoteka Bank, UzEximBank.
Government Support & Subsidies	Up to \$500,000	Up to 20%	Grants, co-financing, tax incentives	Includes subsidies for CAPEX, certification, export promotion, and infrastructure connection. Offered via Ministry of Economy, UzTrade, Export Agency.

Note (Investment Attractiveness)

The presence of co-financing from the project initiator, combined with a well-developed financial model, significantly increases the chances of loan approval and attracting external investors. The project may also qualify for priority status within the Free Economic Zone (FEZ), opening up access to additional funding channels and government support.

Investment Structure: \$2.5–5 million

1. Founder's equity contribution: \$0.5–1.0 million (20–25%)
2. Private investment (domestic & international): \$1.5–2.0 million (35–40%)
3. Bank loans from Uzbek financial institutions: \$1.0–1.5 million (25–30%)
4. State support & grant programs: Up to \$500,000 (grants, subsidies, preferential loans)

Potential Funding Channels:

- Commercial Banks: Asaka Bank, Ipoteka Bank, Agrobank, others
- International Institutions: IFC, EBRD, ADB
- National & Regional SME Development Funds
- Support programs: Ministry of Economy, UzTrade, IT Park

Financial Instruments & Support Mechanisms:

- Equipment leasing (e.g., UzAutoLease, Orient Leasing)

- Preferential loans at 14–16% interest, up to 5 years
- Government subsidies covering up to 20% of CAPEX
- Grants and incentives for certification, export promotion, and logistics

Management & Key Personnel

Position	Responsibilities	Candidate / Profile
Founder / Investor	Strategic leadership, decision-making, investor relations, external partnerships	Business owner or lead investor
Chief Operating Officer (COO)	Overseeing production processes, workshop operations, execution of production plan	Experienced textile industry manager
Logistics Manager	Export logistics, customs coordination, transport management	Specialist with international shipping & customs expertise
Financial Consultant	Accounting, financial analysis, cost optimisation, auditing	Consultant with background in finance and SME advisory
Marketing Specialist	Marketing strategy, brand development, export sales, client engagement	Experienced in international trade & textile brand promotion

Social and Environmental Impact – Textile Export Hub Andijan

Impact Area	Description	Justification
Job Creation	120+ jobs to be created in Andijan, with potential to grow as the project scales	Reduces unemployment, especially in rural areas; helps mitigate urban migration
Workplace Quality	Stable employment with training, skill development, and compliance with labour standards	Increases productivity and contributes to sustainable human capital development
Support to Local Suppliers	Procurement from local farmers and cotton producers, especially those supplying eco-materials	Strengthens rural economies and builds inclusive value chains
Eco-Friendly Materials	Use of certified organic cotton and natural fibres	Reduces chemical usage, lowers soil/water pollution, and supports biodiversity
Sustainable Technologies	Implementation of energy- and water-saving equipment, closed-loop systems, solar integration	Minimises resource consumption and emissions; aligns with global green industry standards
Waste Reduction & Recycling	Recycling and reuse of textile waste and packaging materials	Cuts landfill use, protects ecosystems, and lowers environmental impact

☒ **Conclusion**

Textile Export Hub Andijan represents not only a commercially viable venture but also a socially responsible and environmentally conscious project. The integration of clean technologies and support for local supply chains will build a sustainable and inclusive business model. This approach ensures job creation, community development, and a reduced ecological footprint, increasing the long-term value of the project from both economic and ESG (Environmental, Social, Governance) perspectives.