**INVESTMENT PROPOSAL**

**of the project «Establishing the production of generators»**

**1. The name of the project** - «Establishing the production of generators».

**2. General information about the project initiator:** The «Uzeltexsanoat» Association was formed on the basis of the «Uzeltexsanoat» Joint-Stock Company in accordance with the Resolution of the President of the Republic of Uzbekistan dated January 4, 2019, No.PR-4090 and currently unites large enterprises of the republic's electro-technical industry.

The main objectives of the «Uzeltexsanoat» Association are to develop a strategy for the sustainable development of the electro-technical industry, implement comprehensive measures to promote the development of new types of electro-technical products to saturate the domestic market and expand its export geography, as well as attract investment, primarily foreign, for the development of high-tech industries for the production of electro-technical products.

The member enterprises of the Association specialize in four main areas: production of cable and wire products, production of industrial and technical products (low and high voltage equipment such as transformers, substations, switchboards, etc.), production of household appliances and electronics (TVs, refrigerators, air conditioners, lighting, semiconductor devices, etc.) and services.

Volumes by the end of 2019:

- production and services rendered - 7.9 trillion sums (890.8 million US dollars.);

- export - 250.3 million US dollars.

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**3. Information about the enterprise on the basis of which it is planned to implement the project (if needed):** This project is proposed for implementation in the territory of the Republic of Uzbekistan, including the FEZs of the republic. Search, if necessary, and identification of local partners with production experience that are part of the «Uzeltexsanoat» Association.

**4. Information about the project:** Production of the following is envisaged.

|  |  |  |
| --- | --- | --- |
| **№** | **Name** | **Forecasted production volume for the first year (thousand units)** |
| 1. | Diesel generators - up to 7.5 kVA | 200 |
| Diesel generators - from 7.5 to 75 kVA | 300 |
| Diesel generators - from 75 to 375 kVA | 200 |
| Diesel generators - from 375 to 2000 kVA | 20 |
| Gasoline generators - 7.5 kVA | 800 |
| Gasoline generators - 10.0 kVA | 40 |
| **Total:** | **1560** |

**4.1. Marketing:**

• The analysis of the market of the Republic of Uzbekistan shows that in 2018 the total volume of imports of generators to the Republic of Uzbekistan under the HS codes group 8502 amounted to 2,407 pieces totaling 25.2 million US dollars and by the end of 2019, 5,051 pieces of generators were imported totaling 40.2 million US dollars.

The main consumers of generators are private and state enterprises operating in the field of services and production.

The local market of Uzbekistan, as well as neighboring states of Central Asia and the CIS countries are considered as the main markets for the sale of products.

**4.2. Production:**

The production of diesel generators consists of several stages:

Stage 1 begins with the manufacture of a frame combined with a fuel tank. After holes for fixing parts are drilled in the frame and a fuel sensor is installed;

Stage 2, an engine is installed on the frame, transportation oil is cast and oil is poured for engine operation;

Stage 3, an impeller is installed on the front of the engine to cool the engine, a radiator,
an air filter, a gas pump and a fuel system;

Stage 4, an alternator is installed to generate electrical energy, and a starter and a battery are installed to ensure the engine starts;

Stage 5, all wires, sensors are connected and a dashboard is installed to control the generator;

Stage 6, of production of metal list; all hull parts are made and processed. Then the body parts are primed and painted.

At the last stage, the manufactured body parts are installed and tests of generator performance are carried out before transportation.

* The demand for raw materials and components:

import - motor, radiator, gasoline pump, fuel sensors, engine oil, generator, steel, high-impact polystyrene (ABS) for the production of plastic parts.

local - copper and copper wire, enameled wire, battery, foam filler, packaging materials and supplies, instructions and booklets.

• Number of new jobs to be created (people): Administrative - 20 people,
Technical - 70 people.

**4.3. Construction, reconstruction or modernization:** New construction;

The required land area will be determined by the selection of equipment.

Requirements for providing the facility with industrial infrastructure:

- railway line - required;

- water supply - required;

- power supply - required;

- gas supply - required;

- sewerage - required.

**4.4. Financing (Estimated project cost):**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **№** | **Project cost, including:** | **Unit** | **Cost** | **Sources of financing** |
| **Own funds** | **Direct investments** | **Loans of commercial banks** |
| 1 | Construction and installation work | millionUSD | 2.9 | Will be determined based on the results of negotiations with potential investors |
| 2 | Equipment | millionUSD | 10.0 | Will be determined based on the results of negotiations with potential investors |
| 3 | Working Capital | millionUSD | 17.0 | Will be determined based on the results of negotiations with potential investors |
| **Total:** | **million****USD** | **29.9** | Will be determined based on the results of negotiations with potential investors |

The estimated construction period is from 12 to 18 months.

**5. Expected results from the project:** Volume of production and revenue:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name of products** | **1 year** | **2 year** | **3 year** | **4 year** |
| **quantity (thousand pcs)** | **amount (million dollars)** | **quantity (thousand pcs)** | **amount (million dollars)** | **quantity (thousand pcs)** | **amount (million dollars)** | **quantity (thousand pcs)** | **amount (million dollars)** |
| Diesel generators- up to 7.5 kVA | 200 | 0.17 | 250 | 0.21 | 300 | 0.25 | 350 | 0.30 |
| Diesel generators- from 7.5 to 75 kVA | 300 | 1.60 | 350 | 1.86 | 400 | 2.13 | 450 | 2.40 |
| Diesel generators- from 75 to 375 kVA | 200 | 8.86 | 250 | 11.07 | 300 | 13.29 | 350 | 15.50 |
| Diesel generators- from 375 to 2000 kVA | 20 | 4.32 | 40 | 8.64 | 60 | 12.96 | 80 | 17.28 |
| Gasoline generators- 7.5 kVA | 800 | 0.64 | 1 000 | 0.80 | 1 500 | 1.20 | 1 800 | 1.44 |
| Gasoline generators- 10.0 kVA | 40 | 0.07 | 60 | 0.11 | 80 | 0.15 | 100 | 0.19 |
| **Total:** | **1 560** | **15.66** | **1 950** | **22.69** | **2 640** | **29.98** | **3 130** | **37.11** |

Estimated unit price:

Diesel generators with a capacity of - 5 kVA - 864 US dollars;

- 35 kVA - 5 340 US dollars;

- 300 kVA - 44 300 US dollars;

- 760 kVA - 216 000 US dollars;

Gas generators with a capacity of - 7.5 kVA - 800 US dollars;

- 10 kVA - 1 900 US dollars.

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

The process of development and examination of the project documentation will begin after negotiations with a potential investor on cooperation.