

**BRIEF INFORMATION MEMORANDUM about ceramic, brick manufacture of «Surxon-G'isht-Qurilish» LLC in Muzrabad Rayon, Surkhandarya Region of the Republic of Uzbekistan – for the purpose of selling**



*Elaborated by “Donaev Management Consulting” LLC in accordance with Exclusive Agency Agreement №02 as of January 29, 2010*



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## INFORMATION ABOUT LEGAL ENTITY – «SURXON-G'ISHT-QURILISH»LLC

«SURXON-G'ISHT-QURILISH» was established in 2008 in form of Limited Liability Company, Certificate of official registration №140 as of August 11, 2008. Enterprise is served in Termez filial of Open Join-stock Commercial Bank «Kapital Bank». Requisites of «SURXON-G'ISHT-QURILISH»LLC: acc: 20208000047285570001.

«SURXON-G'ISHT-QURILISH»LLC has another account in Mirzo-Ulugbek filial of Open Join-stock Innovation Commercial Bank «Ipak»: acc: 20208000004728557002.

Name of company	«Surxon-G'isht-Qurilish» LLC
Start-up information:	
All-Union Classifier of Enterprises and Organizations	22446707
All-Union Classifier of Economy Branches	16152 (Manufacture of construction brick and ceramic tile)
Bank Identifier Code	00421
Legal Organizational Form Code	1152
Form of Ownership Code (Private)	142 Property of economic society (Limited liability company or Additional Responsibility Society)
Tax Payer Number	300908030
Territory on System for Administrative-Territorial Formations	1722207082
Address:	Settlement Jartepa, Muzrabadskiy rayon, Surkhandarya region, Republic of Uzbekistan

- ✓ General Director of «SURXON-G'ISHT-QURILISH»LLC – Mr. Khayrulla Kh. Nazarov, contact number: +99897 460 13 06.
- ✓ Chief Accountant – Mrs. Anjella R. Rojkovskaya Project Manager – Mr. Dmitriy V. Nosach, contact number: 300 38 60 (Tashkent).

Legal capital of «SURXON-G'ISHT-QURILISH»LLC is - 332 000 000 UZD is completely formed. The owner of enterprise is - «BRICK GRUPP»LLC (Tashkent), main sectors of activity of Owner: manufacture and selling of construction materials, implementation of construction works, trading activity, rendering of engineering services, design and survey works and other activity, permitted by legislation of the Republic of Uzbekistan.

## BACKGROUND

Large-scale construction and rehabilitation of existing industrial objects, living apartments, schools,

medical institutions and other objects of social- domestic purpose, sports facilities etc. began in Surkhandarya and across Uzbekistan. In the course of works Construction felt deficiency of bricks. Risks of «Surxon-G'isht-Qurilish» LLC were reduced to a large degree due to policy of the President of RUz and Government of RUz having accepted a number of important Legislative acts, stimulating the development of production of construction materials inside Uzbekistan. Main documents: the Decree of the President of RUz as of May 6, 2003 “On main directions of the following enhancement of economic reforms in major construction work”, The Decision the President of RUz as of February 16, 2005 “On further development of housing construction and housing market”, The Decree of the President of RUz as of March 24, 2005 № DP-3586 “On Program of modernization of technical and technological re-equipping of enterprises of industry of construction materials for 2007 — 2011”.

Activity of «Surxon-G'isht-Qurilish» LLC is also regulated by the Decree of CM RUz № 136 as of June 20, 2008 “On program of complex social – economic development of Surkhandarya region for 2008-2012”.

On January 22, 2010 started the production of ceramic bricks with capacity of 22 million and standard sizes 250X120X65. The enterprise is energy saving as natural gas is not applied, and all the process of burning is implemented by natural coal excavated near the plant in the same area (Shargunskiy and Baysunskiy deposit - coal). 5 engineers and technicians and 136 workers were employed (under three-shift working). Workers live in close proximity to plant. There is full social – serving infrastructure for personnel at the plant. There is comfortable five-room house with all the facilities and internet connection for engineers and technicians (on the territory of the plant). The land transferred to constant ownership to enterprise is 2ha -main territory and 10ha - area of open-cut mining.

## **MATERIAL RESOURCES, ENGINEER SUPPORT, ECOLOGY**

Raw material resources of production – is loamy raw material, provision – 85 years. Raw material is provided from open-cut mining located near «Surxon-G'isht-Qurilish» LLC which has the right to use open-cut mine. Resources of open-cut mine allow to provide enterprise with raw materials during 85 years, open-cut mine borders directly with production what significantly reduces transport charges. The basic raw material for production of ceramic brick is loess loam\* with 5% level of shrinkage, annual demand is 70 875 of tones of loess loam under 100% of production capacity. Construction provided all the necessary external electricity supply including installation of double-transforming station PTSCT -630 KVA 10/0,4KV with automatic inclusion of reserve on low (0,4KV) side. Gas supply on technology is not applied. According to Conclusion of State

Ecological Assessment №18/605 as of January 24, 2008 for «Surxon-G'isht-Qurilish» LLC - discharges of hazardous substances in the process of functioning are 150, 4 tones/year, discharges mainly consist of soot (64%), sulfurous anhydride (14,4%) and carbon monoxide (13,2%). On the source of discharge of products of fueling (coal) the installation of cyclone TSN-15 with ash-catcher and catch coefficient with 95% in a year which helps to reduce discharges of soot per 91,2 tones/year is stipulated on the Project and already functions.

In this case the maximum value of soot concentration will be reduced and not exceed norms beside plant territory. Technological equipment applied on production meets all the necessary environment requirements and will not impact nature. Domestic wastewaters were only formed in the process of enterprise functioning as the technology of brick production does not stipulate formation of industrial waste waters. Organic substances containing in flows from amenity rooms, toilets and canteens are the sources of waste waters contamination. Water disposal of domestic wastewaters is stipulated into collector. The system of firefighting is stipulated for the purpose of accidents prevention on enterprise. There is its own water intake well.

\* LOESS - sedimentary rock, unstratified, homogenous - calcareous, loamy- sabulous, has light-yellow or pale yellow color.

## PROJECT TECHNOLOGY

The work is organized taking into account the norms of technological engineering, sanitary and other norms functioning on the territory of Uzbekistan. Thereby, present production is related to the projects with low environmental risks. Enterprise products selling is implemented on conditions of self-delivery. That's why charges for bricks transportation from «Surxon-G'isht-Qurilish» LLC are not planning. Territory of enterprise has convenient exit road to highway what provides access of lorries for transportation of finished product.

The territory for production was chosen due to available open-cut mining with suitable type of loam for bricks production, convenient access ways and high need in Company production. Significant factor under territory choice is availability of labor-abundant settlement Jartepa, Muzrabad rayon, which population is law-abiding and hard-working.

Production complex of «Surxon-G'isht-Qurilish» LLC has all the necessary engineer resources, well-developed transportation infrastructure including railway track within territory of the plant.

Technological process of production of ceramic brick consists of the following stages:

Loess production -is implemented in accordance with plan of excavation of open cut mine;

Supply and measuring of loess – loess delivered from open cut mine is loaded on charging platform into receiving bunker №1;

Coal mixed with loess is delivered to receiving bunker №2. This mixture is delivered to

rolling-furnace with help of conveyer belt №1.

Mixture delivers to rolls of thin grinding where crushing of fusion mixture, gap between rollers happens should be 3-5mm under crushing;

Loess moistening -measured loess reaches mud-mixture №1, where happens agitation and moistening of fusion mixture to 10-14% of moisture;

Agitation of fusion mixture with water – fusion mixture is supplied with the help of conveyor 2 into mud-mixture №2 after grinding; simultaneously water of measured quantity, depending on moisture of supplied fusion mixture, is supplied into mud – mixture. In mud-mixture happens agitation of fusion mixture with water in order to obtain mud mass of specified composition;

Forming of squared beam from mud mass –obtained mud mass is supplied into expeller after agitation, where happens its extrusion with the help of vacuum via contact tube (forming nozzle) in form of squared beam of specified sizes;

Squared beam cutting -molded squared beam is supplied to many-stringed (25) automatic cutter, where cutting of squared beam into bricks on specified size is produced;

Laying of raw brick on drying cars – obtained raw brick is supplied to conveyor belt №4, then is loaded on drying cars by hand. Burned-out raw brick is left on conveyor №5 and then is supplied to mud mixture №1. Burned-out raw brick is subject to reprocessing;

Drying of raw brick - drying cars full with raw brick are supplied on tracks into drying tunnels. Drying of raw brick is implemented at the expense of supply of heat-carrier from annular furnace, regime of drying in drying tunnels is regulated with help of slide valves;

Burning of raw brick - wagons with raw brick after drying from drying tunnels are brought into packages and are supplied to annular furnace. Loading of raw brick into annular furnace is implemented according to specified scheme; simultaneously with loading raw brick sorting out on its form is implemented. After loading of furnace section burning of raw brick according to required regime is implemented. Obtained brick is unloaded from furnace and sorted out after burning;

Storage of ready brick is implemented on special show area. Every batch of brick is accepted by technical inspection of the enterprise and is stored separately from other batches. Defect production is taken away.

Finished product - burnt brick of standard shape should not have cracks, clean sound under tapping with metallic object, and not to swell on wetting.

Space arrangement working and supportive areas of «Surxon-G'isht-Qurilish» LLC is directed to ensuring of safe and reasonable implementation of all the technological operations under total observation of labor safety.

## RECOMMENDATIONS ON REASONABILITY OF ASSETS ACQUISITION OF «SURXON-G'ISHT-QURILISH» LLC

Main advantages of enterprise purchase:

- ✓ Availability of brick ceramic production with capacity of 22 mln. of bricks in a year with standard sizes 250X120X65 mm - ordinary brick, 250X120X88 mm – thickened brick and 250X120X138 mm - twin brick;
- ✓ Modern equipment is assembled, volume drying machines, annular furnace with 24 sections. Enterprise is energy saving as natural gas is not applied, all the process of burning is implemented by natural coal excavated near the plant in the same area;
- ✓ «Surxon- G'isht-Qurilish» LLC has serious preferences- following taxes relief till January 1, 2012:

income tax;
VAT;
subsurface resources use tax;
water resources use tax;
property tax;
land tax;
tax for improvement and social infrastructure development;
single tax payment;

9 obligatory payments to State Fund-in-Trust and non-budget Fund of School Education, calculated from volume of goods sales.

Abovementioned preferences are related to Decision of President of the Republic of Uzbekistan as of June 19, 2009 № DP-1134 «On additional measures on stimulation of growth of production and quality of wallings » as enterprise producing burnt brick on the basis of modern energy saving technologies using special annular furnaces.

- ✓ Important factor – availability of labor-abundant settlement JarTEpa, Muzrabad region which population is law-abiding and hard-working;
- ✓ Availability of necessary raw material for a long period;
- ✓ Availability of all the necessary technological peripheral equipment and sufficient civil engineering infrastructure;
- ✓ High demand in construction materials in Surkhandarya region including ceramic brick;
- ✓ Real possibility of business expansion; Participation in incipient large scale construction in Afghanistan. Khayraton Bridge (Termez – province Khayraton) is located near the plant.
- ✓ Convenient geographic location of the enterprise.

P.S. Complete information memorandum will be submitted in case of interest in deal.

## SALES PRICE

**2 500 000 USD**

### **PLANT SELLING AGENT:**

“Donaev Management Consulting” <http://www.donaev.uz/ru/about/> ensures assistance to Customer

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