



NATIONAL INVESTMENTS AUTHORITY
UNDER THE PRESIDENT
OF THE KYRGYZ REPUBLIC



Organization for Security and
Co-operation in Europe
Programme Office in Bishkek

PROCESSING OF LIVESTOCK AND SMALL CATTLE MEAT

“TOSHTUK KARAKOL” LIMITED LIABILITY COMPANY



KYRGYZSTAN



Enterprise name:

“Toshtuk Karakol” LLC

Brief project description:

The project implies the development of the existing meat processing enterprise in Karakol city, Issyk-Kul Region.

The Company’s development strategy includes the modernization and automation of operational processes, as well as the expansion of variety of semi-finished meat products. To do this, it is necessary to purchase a shock freezing chamber, dumpling machine, and sausage line and construct a room for a sausage shop.

Project initiator description:

The Project initiator, Toshtuk Karakol LLC, is located in Karakol city, Issyk-Kul Region, which processes meat for the subsequent production of meat products and semi-finished products.

Currently, the Company also supplies meat and semi-finished meat products to Kumtor Gold Company CJSC. Toshtuk Karakol LLC delivers products to the Karakol Ski Base and dispatches products to Bishkek. In addition to B2B supplies, the Company operates retail in own butcher shop at the workshop.



General Director/Founder Burulsun Ryskulova

- More than 40 years of experience in accounting in the meat industry
- More than 20 years of the managerial experience
- Experience in sausage shops management, launch and optimization of production

Project cost - \$3,300,846

- Sausage and canning workshop - \$1,000,000
- Cattle fattening farm - \$1,585,882
- Blood-processing machines - \$50,000
- Production of hydroponic green feed (HGF) - \$150,000
- Feed production base - \$514,964



Investment amount - \$3,300,846

Payback period - 1,63 years

PROJECT DESCRIPTION

The project implies the development of the existing meat processing enterprise Toshtuk Karakol LLC, which is located in Karakol, Issyk-Kul region.

The Company's development strategy includes the modernization and automation of operational processes, as well as the expansion of the assortment of semi-finished meat products. To do this, the following items of equipment should be purchased:

- ✓ Shock freezing chamber with a volume of 100 kg;
- ✓ Automatic machine for dumplings with a capacity of 300-500 kg per hour;
- ✓ Sausage line with a production capacity of 3 tons per day;
- ✓ Construction of premises for a sausage shop.



GEORGAPHIC LOCATION



PROJECT INITIATOR DESCRIPTION

The Project initiator, Toshtuk Karakol Limited Liability Company, is located in Karakol, Issyk-Kul region, which processes meat for the subsequent production of meat products and semi-finished products.

Toshtuk Karakol LLC was founded in 1999 and was engaged in the sale of meat. The largest enterprises in Kyrgyzstan, Kumtor Gold Company CJSC, was the Company's main customer. In 2000, Toshtuk Karakol LLC launched a sausage shop, which worked for 2 years. Due to sem negative factors that the Company could not cope with, the sausage shop was closed.

Currently, the Company also supplies meat and meat semi-finished products to Kumtor Gold Company CJSC. In addition, it delivers products to the Karakol Ski Base and dispatches products to Bishkek. In addition to B2B supplies, the Company also operates retail through its own butcher shop at the workshop.

Toshtuk Karakol LLC offers the following products:

- ✓ Meat
- ✓ Manty
- ✓ Dumplings
- ✓ Chopped meat
- ✓ Samsa (meat pies)
- ✓ Meatballs
- ✓ Vareniki (dumplings with potato or cottage cheese)



MANAGEMENT TEAM



BURULSUN RYSKULOVA

Founder/General Director

- ✓ Higher education of the Law Institute named after Balasagyn, Degree in Law
- ✓ More than 40 years of experience in accounting in the meat industry
- ✓ More than 20 years of experience in management
- ✓ Experience in sausage shops, launch and optimization of production
- ✓ Honored Worker of Industry, 2002
- ✓ Owner of the “Dank” Medal
- ✓ Certificate of Honor from the Mayor’s Office of Karakol for support provided to local people during the COVID-19 pandemic in Kyrgyzstan
- ✓ Laureate of the National Quality Award, 2007

SUSTAINABLE COMPETITIVE ADVANTAGES OF THE ENTERPRISE AND PROJECT

- ✓ **Sales.** The Company supplies meat and semi-finished products to the Kumtor Gold Company CJSC. It has own retail store. Installation of a shock freezing chamber will increase the production of samsa, a very popular product. Additionally, a sausage line and a vending machine for the production of dumplings will expand the Company's assortment and increase sales in both B2B and B2C segments.
- ✓ **Implemented food safety standards.** In 2018, the Company implemented HACCP standards together with experts from Germany. These standards allow working with international organizations like Kumtor Gold Company CJSC.
- ✓ **Own land plot.** The Company is the owner of the land plot where the operating production is located. It includes a free space for the construction of an additional premises, which is planned for a sausage production line. This factor allows saving funds on the acquisition of a site and will give an advantage in optimizing production processes, since they will be located in one place.
- ✓ The Director of the Company has already launched a sausage shop, which has been successfully operating for two years. Unfortunately, due to external negative factors, this activity stopped.
- ✓ **Quality.** The Company has an excellent reputation. Semi-finished products contain a large amount of meat and are very tasty. The planned production of sausages assumes the use of only natural and high-quality ingredients.

HISTORICAL FINANCIAL PERFORMANCE

Financial indicators, USD	2016	2017	2018	2019	2020
Sales	126 838	134 203	126 109	103 939	152 857



FORECAST FINANCIAL INDICATORS

Sales volumes, kg	2022	2023	2024	2025	2026
Samsa	2 640	3 520	4 400	5 280	6 160
Dumplings	26 400	35 200	44 000	52 800	61 600
Sausages	19 800	26 400	33 000	39 600	46 200

Forecast financial indicators, USD	2022	2023	2024	2025	2026
Sales	336 104	397 186	458 268	519 351	580 433
EBITDA	33 610	51 634	73 323	93 483	116 087

- ✓ IRR 23.95%
- ✓ Payback period 2.42 years. Discounted payback period 3.17 years

FUNDING SOURCES AND USE OF FUNDS

Funding sources	Amount, USD
Financial investor	178 529

Use of funds	Amount, USD
Building	100 000
Shock freezer	5 000
Dumpling machine	10 000
Sausage line	58 824
Working capital	4 706

Total: 178 529

Total: 178 529

BRIEF OVERVIEW OF THE MEAT MARKET IN KYRGYZSTAN

The national meat market is formed mainly from the products of private plots. It lacks organized sales channels, which leads to a large number of intermediaries in the sales process.

According to data of a EU survey on meat distributors, the meat gets to the counter through dealers, who adds their own margin. This resulted in high price for meat, from 30 to 60 soms per kilogram of the manufacturer's price. According to the information provided by territorial divisions, dealers are not common in other regions.

In accordance with the analytical article by Akipress, the main livestock (51.8 percent) are kept and bred in the Southern regions: 22.9 percent in Osh, 20.1 percent in Jalal-Abad and 8,8 percent in Batken regions. As for the Northern part of the country, a large share is concentrated in Chuy and Issyk-Kul regions and makes 18.4 and 13.7 percent, respectively. The main livestock of sheep and goats is concentrated in Jalal-Abad -19.5 percent, Osh -18.9 percent, Naryn -17.8 percent, Issyk-Kul - 14.3 percent. This is facilitated by the presence and use of vast mountain pastures.

Livestock, quantity	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kyrgyz Republic	1298825	1338583	1367466	1404168	1458377	1492517	1527763	1575434	1627296	1680750	1715776
Batken region	115938	119800	122164	123493	127123	129118	130585	139628	149012	151419	153360
Jalal-Abad region	259010	266614	273136	286313	294557	302659	311925	321334	329623	342403	351223
Issyk-Kul region	179203	184907	191974	199978	209948	212816	216833	226085	237564	248783	255740
Naryn region	129810	133518	136552	138623	141950	145687	153570	163743	174650	182239	187249
Osh region	300282	308488	314647	321239	340891	351601	357448	362140	366327	374659	383180
Talas region	64049	65353	66291	66896	67061	67243	66991	67030	67596	68678	66928
Chuy region	239830	248886	251824	256603	265882	272242	278745	283506	289952	299951	305861
Bishkek	1034	1053	1065	1058	873	734	676	643	589	550	537
Osh	8887	9046	9123	9275	9471	9831	10284	10670	11362	11402	11189
Special consideration	782	918	690	690	621	586	706	655	621	666	509

INVESTMENT PROPOSAL

LEGAL MECHANISM	✓ Agricultural cooperative
FUNDING TYPE	✓ Direct investment in capital
AMOUNT	✓ USD 178,529
TERM	✓ 5-7 years
NUMBER OF TRANCHES	✓ Tranche No.1 - construction ✓ Tranche No.2 - purchase of equipment
COLLATERAL	✓ 100% of the Company's share

