HEAD DESIGN AND RESEARCH INSTITUTE FOR TRANSPORT JSC "BOSHTRANSLOYIHA"

"APPROVED"
By decisions of the supervisory board
JSC "BOSHTRANSLOYIHA"
Protocols No. 2 of November 25, 2023 and No. 4 of June 4, 2024.

"APPROVED"
At the annual meeting of shareholders
JSC "BOSHTRANSLOYIHA"
Minutes of June 28, 2024

Business plan

activities of JSC "BOSHTRANSLOYIHA"

for 2024

Tashkent city - 2024

1. SETTING A GOAL (STRATEGY)

1.1.Joint-Stock Company "Head Design and Survey Institute for Transport "BOSH-TRANSLOYIHA" was reorganized by transforming the Open Joint-Stock Company "Head Design and Survey Institute for Transport "BOSHTRANSLOYIHA", in accordance with the Law of the Republic of Uzbekistan "On Amendments and Supplements to the Law of the Republic of Uzbekistan "On Joint-Stock Companies and Protection of Shareholders' Rights". JSC "BOSH-TRANSLOYIHA" was registered by the decision of the Khokim of Mirabad district of Tashkent No. 03-000463 dated 10.09.2014.

The Main Design and Survey Institute for Transport JSC Boshtransloyikha (until 1994 - State Design and Survey Institute Tashgiprotrans of the USSR Ministry of Transport Construction, until 2001 - KP Giprotrans, until 2003 LLC Boshtransloyikha, until 2014 OJSC Boshtransloyikha) was organized in 1953 to provide transport construction in the republics of Central Asia and Kazakhstan with design and estimate documentation.

By Resolution No. 165 of the Cabinet of Ministers of the Republic of Uzbekistan dated April 27, 2000, the institute was designated as the leading design and survey organization for the design of railways and related infrastructure.

The Institute carries out design and survey work on a wide range of objects: new railways, reconstruction and strengthening of existing railway lines, second tracks and double-track inserts, development and reconstruction of railway stations and junctions, automatic blocking and dispatch centralization, main communication lines, electrification of railway sections. The Institute's scope of activities also includes the design of bridges and overpasses, locomotive, wagon and other railway facilities, railside warehouse and production bases, freight yards and terminals, border transshipment stations, railway stations, residential settlements and the entire infrastructure of the designed objects.

The following were built and put into operation according to the institute’s designs:

- new railways Mekhnat-Jizzakh, Marokand-Kashkadarya, Termez-Yavan, Tejen-Seraks, Kurgan-Tyube-Kulyab, Navoi-Uchkuduk-Sultanuizdag-Nukus, Tashguzar-Boysun-Kumkurgan, Hairatan-Mazar-i-Sharif, Angren-Pap, Bukhara-Misken, Urgench-Khiva and others;

- second tracks and double-track inserts in the sections Arys-Chu, Mekhnat-Jizzakh, Jizzakh-Marokand, Kandagach-Arys, Kandagach-Nikeltau, Khavast-Kokand, Marokand-Navoi;

- electrification of the railway lines Pap-Kokand-Andijan, Marakand-Karshi, Karshi-Termez, Samarkand-Bukhara with the organization of high-speed passenger train service, high-speed service has also been organized on the Tashkent-Samarkand section.

- large railway bridges across the rivers Syrdarya, Vakhsh, Surkhandarya, Zeravshan, Naryn, a combined bridge crossing across the Amu Darya.

- road bridges and overpasses in Tashkent, Ashgabat, Andijan, Namangan, Karaganda, Mary;

- railway junctions and large stations: Arys, Shumilova, Kokand, Chardzhou, Mary, Ashgabat, Karshi, Termez, Kostanay, Orsk, Tobol;

- railway stations in Tashkent (with complex development of the station square), Dushanbe, Margilan, Urgench, Navoi, Samarkand, Termez, Jizzakh, Nukus, Uchkuduk, Kokand, Bukhara, Khiva and a number of other cities.

- access railway line Free Industrial Zone in Navoi to Kandym Gas Processing Plant, Logistics Center in Angren and others.

In 2024, the Boshtransloyiha Institute carried out workfor 12 projects, including the most important ones:

1. Construction of the railway line Shavat-Gurlen-Jumurtau-Kipchok-Koybakly with a combined metal bridge across the Amu Darya River.

2. “Construction of the second high-speed electrified railway line on the Navoi-Bukhara section.”

3. Construction of the second stage of the circular overground metro line in Tashkent.

4 Electrification of railways line Bukhara-Urgench-Khiva and railway line Misken-Nukus.

5. Development of design and estimate documentation "Construction (restoration) of the railway section Khodjikent station - Chinor village".

6. Straightening of the main route, section of the Misken-Istiklol station, Bukhara-Urgench-Khiva railway.

7. Construction of a new electrified railway line Angren-Pap with electrification of the Pap-Kokand-Andijan section.

9. Construction of a new reinforced concrete railway bridge on the section between Korli Tog station and Kiyikli railway station across the Bukhara main collector”

It is expected that in 2024, design and survey work will be launched and continued on the following objects:

- Electrification of the Navoi – Uchkuduk railway section;

- Modernization of the Tashkent-Angren railway section;

- Construction of a new railway line China-Uzbekistan-Kyrgyzstan;

- Construction of access railway lines to economic zones/factories;

- Construction of overpasses in Tashkent;

- Construction of a new railway bridge with approaches on the Misken-Turtkul section across the discharge channel of the Shurbulak reservoir;

- Signaling and communication of access railway tracks for the project “Construction of an enrichment plant in the Navoi region”;

- Multimodal transport and logistics center in the Republic of Uzbekistan;

The main customer for the institute JSC "Boshtransloyiha" is JSC "Uzbekistan Railways". This trend will continue in the coming years.

The share of design work for this company from the total volume of design and survey work in 2024 is expected to be up to 90%.

At the same time, the marketing strategy is as follows: the institute will continue to search for customers for the design of railway transport facilities, both in Uzbekistan and in the territory of Kazakhstan, Kyrgyzstan, Afghanistan, and Turkmenistan.

The Institute will continue its intensive work on the development and implementation of underground metro design, which will allow it to further expand the range of services and increase the portfolio of orders.

The executive body of JSC "Boshtransloyikha" directs its main activities in 2024 to:

- further improvement of the quality of work performed upon reaching a level of volume of work and services performed of at least 26 400million sum

- ensuring the main activities of JSC "Boshtransloyikha" - performance of design and survey work and services.

- modernization of the enterprise's production as a design and survey institute and increasing the effectiveness of the ISO 9001-2015 quality management system in order to improve the quality of services provided to world standards and reduce production costs by further automating design work. This will strengthen the position of JSC "Boshtransloyikha" in the domestic market of design services and ensure the release of products to near and far abroad. Implementation of BIM technologies and new modern programs for design and surveys.

- development of society by holding events and investing in equipping workplaces with modern technical means and working conditions.

Repair work on production areas and equipping workplaces with office equipment and other modern technology are ongoing. These activities will improve productivity and quality of work.

In the planned year, the personnel policy will be continued in the direction of training and retraining of production personnel. The result of the personnel policy should be a tendency to "rejuvenate" the main personnel potential and attract experienced personnel. For this purpose, measures will be taken to stimulate specialists who improve their professional level, including outside the Republic of Uzbekistan.

Mastering modern software.

The proposed strategy will guarantee the successful operation of JSC Boshtransloyikha in 2024.

2. DESCRIPTION OF THE ENTERPRISE

2.1. Structure of the authorized capital

In accordance with the charter of JSC Boshtransloyikha (registered No. 1105071 dated July 13, 2023), the authorized capital of the company is 4,453,008 thousand soums (four billion four hundred fifty-three million eight thousand soums). The par value of each share is 1,000 soums. The total number of shares is 4,453,008 pcs.

List of major shareholders of JSC Boshtransloyiha according to the register

No. p/p	Share structure	Share in the author-ized capital fund %	Note
1.	State Asset Management Agency	80.26	According to PP-6096, the state share is subject to sale
2.	Other legal entities	7.97	
3.	Individuals	11.77	
	Total	100	

2.2. Main activity.

The main activity is comprehensive design and engineering and technical surveys for the construction, expansion, technical re-equipment, reconstruction and major repairs of railway, air and road transport facilities, industrial, housing and civil and agricultural purposes.

JSC "Boshtransloyikha" has licenses and license agreements for the right to:

1. performing engineering and technical surveys for construction projects and developing design and estimate documentation for the construction of housing, civil and industrial facilities;

2. production of geodetic works;

3. design of bridges and tunnels;

4. design of fire alarm systems;

5. design of international telecommunication networks.

2.3. Enterprise structure.

Management apparatus: management, office manager (clerkship), security and secret service, personnel management service, accounting department, production coordination service, project information support service.

Production departments: engineering surveys, railway design, architectural and construction, automation and communications, artificial structures, electrical engineering and contact network, technical structures and engineering communications.

Auxiliary departments:

Department of modern information technologies and project release.

Service for providing vehicles and special equipment for survey work.

Building maintenance and technical operation service.

Purchasing and inventory management service.

Recreation area.

3. REFORMS IN THE CONSTRUCTION COMPLEX

The introduction of modern technologies at construction industry enterprises is envisaged.

The main requirements that society places on construction products, and in particular on design organizations and the nature of their functioning during the transition to market relations, include:

- significant increase in the reliability of the functioning of design organizations and strict compliance with contractual obligations;
- ensuring break-even operation and normal profitability of organizations as the basis for their existence;
- reduction of the design time of objects;
- improving product quality;
- changing the nature of the designed objects, ensuring their rapid adaptation to changing production conditions;
- strengthening the mobility of design organizations as an important factor in their competitiveness in the domestic and foreign markets;
- sustainable business reputation and solvency of enterprises;
- the possibility of design organizations providing a range of professional services.

4. MAIN FACTORS, AFFECTING PRODUCTION EFFICIENCY

4.1. Marketing

Marketing is one of the main factors of effective activity of the Enterprise, at the same time it is one of the most expensive types of activity, which covers the analysis of project services markets, implementation of services and search for markets, study of competitor companies, advertising, image, formation of goals and strategies of the Enterprise.

This will provide more opportunities for the Enterprise's work and services to gain a foothold and expand their presence in the domestic market, enter the global market, and optimize costs.

4.2. Product quality

Due to the increasing market demand for the quality of work and services performed to ensure the stability of the Enterprise.

It is planned to invest in the gradual modernization of the Enterprise and improve the quality of work and services, which will ensure successful competition in the domestic and world markets. Improvement of quality is associated with the improvement of the professional qualifications of workers, automation of design work, provision of favorable working conditions and rest for workers.

4.3. Production capabilities.

The existing fixed assets of the Enterprise have a fairly large accumulated physical and functional wear. The buildings (facade, interiors) require repair. The main production units require specialized equipment with computing and office equipment, telecommunications, specialized furniture, inventory, lighting.

This business plan plans to direct major investments into production in order to improve the quality of design work and services performed and reduce their cost.

In order to achieve production efficiency, it is envisaged to allocate funds for further modernization and updating of production equipment (computer and office equipment, automation softwaredesign work, specialized furniture and inventory), as well as for carrying out repair work (buildings, premises of the main production and auxiliary units) - Appendix No. 3.

4. 4. Professionalism of employees.

It is envisaged to improve the professional skills of the Enterprise's employees and improve the quality of work by introducing design automation, which will ensure the successful operation of the Enterprise.

4. 5. Cash.

Investments and financing of working capital are carried out primarily at the expense of the joint-stock company's own funds, allocated for the specific purpose of developing production, in accordance with the business plan for 2024 approved by the Supervisory Board.

4.6. Market situation.

The current state is characterized, on the one hand, by the beginningthe predominance of non-state forms of ownership in the construction complex, and on the other hand, the absence of real competition in the construction market.

The main destabilizing factors in the activities of construction and design organizations remain the reduction in demand for design and survey work and insolvencycustomers, deadlines, execution of design and survey work.

For the buyer - consumer of design services, the most important criteria are the timing, quality and price of the services and works provided. The number of services sold also depends on this.

5. PRODUCTION AND COST PRICE

Over the past few years, the Enterprise has seen a certain tendency towards stabilization of the dynamics of sales volumes and in the cost structure of work and services performed.

5.1. Production costs

The forecast of expected income and expenses for the planning period also includes an analysis of the cost indicators of design and survey work, various expense items, tax rates, including:

- costs included in the production cost:

a) direct and indirect material costs;

b) direct and indirect labor costs;

c) other direct and indirect costs, including production overhead costs;

- costs that are not included in the production cost, but are included in the expenses of the period, which are taken into account in the profit from the main activity:

a) management expenses (administrative expenses);

b) other operating expenses and losses;

- expenses related to the financial activities of a business entity, taken into account when calculating profit or loss from its general business activities:

a) interest expenses;

b) revaluation of funds invested in securities;

c) other expenses related to financial activities;

extraordinary losses that are taken into account when calculating profit or losses before income tax (profit)

- Taxes

- value added tax (VAT);

- property tax, based on the average annual residual value of fixed assets of real estate;

- land tax;

- tax on the use of water resources;

- social tax;

- income tax (profit).

5.2. Salary

In 2024, a large increase in the number of employees is not expected, and its dynamics will occur due to the natural attrition of workers due to age, the influx of new employees and the optimization of the number of employees in order to retain highly qualified specialists and increase labor productivity.

The salary level is planned to be maintained at no lower than the 2023 level, with an increase in salaries taking into account inflation processes and Decrees of the President of the Republic of Uzbekistan on increasing the amount of wages, pensions, scholarships and benefits.

As production is modernized and automated, it is planned to implement measures to increase the salaries of key specialists.

5.3. Planned profit.

The amount of profit when forming contract prices at current prices for design and survey work includes the costs of:

1. Costs common to all organizations.

- Expenses for payment of income tax, at the rate established by law.

2. Costs of production development

- Purchase of computers, software, office equipment, vehicles, geological and geodetic instruments (including a research flying drone);

- Modernization of equipment, reconstruction and repair of fixed assets;

- Partial replenishment of own working capital;

3. Costs of material incentives for employees

- Compensation payments for expenses in excess of the standard for business trips;

- Material assistance to employees

- Conducting health and recreational activities not directly related to the participation of workers in the production process, funds for children and families to pay for lost working capacity;

4. Expenditures on development of the social sphere

- Organization of assistance and free services to educational institutions, preschool institutions, charitable foundations, in accordance with current legislation;

- Also, charitable assistance for the disabled;

- Also for training and retraining of personnel.

5. Costs associated with the organization's infrastructure.

Maintenance of a recreation area on the balance sheet of the enterprise, as well as expenses for the organization’s shared participation;

6. Charity expenses.

6. FINANCIAL PLAN

6.1. Financial expectations. Based on the results of the institute's work for the first quarter of 2024, having critically assessed the shortcomings, relying on marketing forecasts of expected work, the institute has developed a forecast of the main indicators of the institute's profit and loss for 2024 (see Appendix 1).

The forecast of the Institute's key profit and loss indicators for 2024 was developed taking into account the need for human, material and financial resources.

At the same time, an analysis of the implementation of the expenditure budget for 2023 was carried out (see Appendix 2A), a forecast of the income and expenditure budget for 2024 was compiled (see Appendix 2) taking into account the tax code approved by the Law of the Republic of Uzbekistan dated 30.12.2019 No. ZRU-599.

The priority areas of the expenditure budget remain expenses on the social sphere, decent wages, retention of highly qualified employees and the intellectual potential of society, and advanced training of the institute’s specialists.

The Boshtransloyiha Institute within the framework of this business plan will operate as a specific enterprise in the conditions of a market economy. At present, the Institute ensures a stable financial position.

6.2. Optimization of production activities. Optimization of production processes has two goals: increasing the efficiency of production as a whole and reducing costs. The final goal is achieved by introducing more modern technologies and improving the organization of work.

In this regard, the company sets itself the goal of a phased optimization of production processes in 2024, with the introduction of more efficient production technologies.

CONCLUSIONS

Analysis of the market and order portfolio shows that 2021, 2022 were abnormally large in terms of volumes of work, and the first quarter of 2024 is characterized by an insufficiently wide order portfolio and a general decrease in the need for projects in the republic, the most likely net revenue from sold products in 2024 may amount to 26 400million sums, which was accepted for further calculations.

The proposed management and development strategy will allow the enterprise to preserve its resources and ensure the ability to generate in the competitive market of design and survey services.

Activities to equip the main production units of the institute with modern technological means, measures to improve the qualifications of specialists, and improve working conditions will allow the enterprise to improve the efficiency and quality of the work performed.

Executive body
JSC "Boshtransloyiha"
General Director R.V. Ruziev