

Bashkir Herbs LTD

Volume of investments required: **\$ 670 thousand**

Intended use of investment required:

Production facilities reengineering 100%

Company profile:

1. Date of establishment - April 14, 1993
2. Stage of development - Expansion
3. Size and source of investment to date - \$ 350 th. own funds
4. Industry - Pharmacy
5. Target market - Medicine
6. Sales in 2003 - \$ 543 th.
7. Description and value of assets - An office building, a production building, 2 products' warehouses, a drier for raw material (the production facilities area of 900 m2 and the storage area of 2,000 m2) - \$ 340 th.
8. Intellectual property rights - patenting of the company's inventions and trademarks to be completed by September, 2004.
9. Signs of social recognition - The company's products won a prize at the All Russia Contest «100 Best Goods of Russia» (2000), Honorary Diplomas of the Cabinet of Ministers of the Republic of Bashkortostan and of various exhibitions and competitions. The company was the winner of the Second District Fair of Business Angels and Innovators in Nizhny Novgorod in 2004 in Best Marketing Study nomination. A special issue of the magazine «Protection of Health in Bashkortostan», No.4, 2003, was devoted to the positive appraisal of the pharmacological characteristics of the company's own developments - tea drinks.

Owners:

2 natural persons **50% in the registered capitals each**

Share of government property **0%**

Management and key personnel:

Alexander A. Ivanov - Director and founder of the company. 45, higher education, a qualified, experienced and communicative leader.

Yury P. Voronkov - Financial Director and founder of the company, 49, higher education, a competent production organizer.

Rashit Y. Farkhutdinov - Deputy Director for Science, Management and Innovations, 37, higher education, Senior Research Scientist, Candidate of Science (Biology), has been working in the company since foundation, developed the «sparing» methods of processing raw material for medical applications, is responsible for development and sales promotion of new preparations.

Dmitry Yu. Voronkov - Sales Manager, 24, higher education, a purposeful, competent specialist with initiative. Has been heading the Sales Department for two years and the sales volume during this period has doubled.

Products characteristics:

1. Pharmaceutical products (medicinal herbs of 39 species), manufactured under a license of the Ministry of Health valid till the year 2007. The share in the total volume of production is 46.7 %.
2. Nutritional products on natural base developed by the company (tea beverages, syrups and syrup-balsams, kissels, fizzy drinks based on natural extracts) - 58 species - 33%.
3. Dietary supplement (pantohematogen, liquid) - an adaptogenic tonic of new generation, improving encephalic circulation of blood, manufactured in accordance with the standard documentation of Tomsk Research Institute of Pharmacology of Russian Academy of Medical Science (RAMN) - 1.5%.

4. Parapharmaceutical products - company's own development (orthopedic and sleeping pillows, herbal baths etc.) - 6%.
 5. Picking and sale of medical plants as raw material for food industry - 13%.

Comparative analysis with existing alternatives:

(according to the information provided by «Proizvoditeli LS» ("Manufacturers of Medicinal Herbs"), No. 51, June 2004)

Characteristics (of some species) by groups	«Bashkir Herbs» Ufa	«Ivan-chai» Moscow	«Krasnogorsk LS» Moscow Region	«Zdoroviye» Moscow
Birch-tree buds, 100 g	2,5	2,93	2,29	2,54
Tea drink (relaxing), 50 g	0,44	-	0,57	0,55
Coltsfoot leaves, 35 g	-	-	0,43	0,29
St. John's wort herb, 50 g	0,32	0,3	0,37	0,43

Note: The pharmaceutical products are manufactured by all the manufacturers in accordance with the requirements of Gospharmakopeya of the RF. The price of the products is the determinative factor for customers evaluating the products.

Markets/Competition:

	Characteristics	«Bashkir Herbs»	«Ivan-chai»	«Krasnogorsk LS»	«Zdoroviye»
2004	Geographical Region – Bashkortostan Market size \$ 5,300 th.				
	Company market share \$ ths./%	540 / 12%	424 / 8%	1 378 / 26%	742 / 14%
2008	Geographical Region – Bashkortostan Market size \$ 6,000 th.				
	Company market share \$ ths./%	1 800 / 30%	none	1 800 / 30%	none

The market share of other companies in 2004 - 40%

The medicinal herbs' market size is growing, primarily due to the ready-made medical products cost increasing. Main manufacturers of the medicinal herbs are located in Moscow and in Moscow district, in St. Petersburg and in Siberia (Altai region). In Ural and Volga Federal Districts our company is the only large enterprise, dealing with picking and processing vegetable raw materials. At the same time, region's raw material reserves make it possible to increase the sales volume three or four times. The market of medicinal herbs will change greatly in 2005 owing to introduction GMP requirements (international rules for organization and monitoring medical means) in Russia (mass media predicts the number of manufacturers will decrease 8 to 10 times). The company has got the plot of land for construction and is currently working on design estimates to bring the production process to GMP requirements. At the present time the company executes the wholesale orders on its own and deals with regional distributors «Fitoline» (Moscow), «Bashmedservice» (Ufa), «Lemm» (Ufa), «Ripharm» (Chelyabinsk), «Demek Pharma Science» (Kazan) and others.