



Russia, Republic of Tatarstan

Summary

1. **Volume of investments required – \$ 4 000 thousand.**
1. **Production – Current:** Broached mats; Noncombustible heat-resisting basaltic slabs. *Under development:* Basaltic unbroken fiber (roving); Technology and equipment to produce broached mats.
2. **Trade marks – “WATTAT”,** trade mark certificate № 267336.

Company profile

Date of establishment – June 2001. The company was founded to produce quality fibrous thermal insulators from basalt without using of synthetic binding agents. December 2002 – first production output (environmentally sound broached mats). December 2004 – start of producing noncombustible heat-resisting basaltic slabs. In 2006–2007 basalt-melting furnaces were modernized with increase in efficiency for 30% and their quantity up to 6 pieces.

Signs of public recognition – gold medal and certificate of the best product at the IX international exhibition “VolgaStroyExpo-2004”; Grand Prix of the contest “The Best Product of the Exhibition” at the X anniversary international exhibition “VolgaStroyExpo-2005” for broached mats from basaltic fiber; Grand Prix of the contest “The Best Product of the Exhibition” at the XI international exhibition “VolgaStroyExpo-2006” for noncombustible heat-resisting basaltic slabs; winner's certificate “The Best Company of the Fair” at the Second District Venture Fair of the Volga federal district in 2007; certificate and winner's certificate of the competitive tender of suppliers for municipal needs at 2007 “Inter-municipal Housing and public utilities chamber”.

Number of employees

Permanently 80 persons. Introduction of new products will require involvement of 30–40 highly-qualified employees.

Team

Rakhmatullin Rinat – Director General, 44 y.o. Technical and economical higher education. Management experience is 20 years, including 8 years in the sphere of basalt melting.

Fakhrutdinov Azat – Financial Director, 44 y.o. Economical and technical higher education. Management experience is 19 years, manages financial and commercial activity of the company.

Minnullin Rustem – Chief Power Engineer, 46 y.o. Energy higher education. Work experience is 25 years, has the highest security clearance in the sphere of energetics.

Popov Ivan – Head of the production base, 56 y.o. Secondary special education. Has a wide technical and rationalisation activity experience. Manages general economic and productive activity of the company.

Products characteristics

Current production:

- Broached mats from basalt fiber, refer to the group of non-combustible materials. Production is certified.
- Noncombustible heat-resisting basaltic slabs on bentonite binding agent. Production is certified.

Products under development: Basaltic roving. To produce this type of production gas-electric basalt-melting furnace has been developed and brought to the industrial model, construction of this furnace allows continuous basaltic fiber to be produced without using expensive platinum-rhodium feeders. Basalt melting point is 1500–1600°C, thread drawing temperature is 1450°C. Field of use – industrial and civil construction, heat-and-power engineering, aircraft industry, shipbuilding, mechanical engineering, metallurgy and glass industry, road building. Basaltic unbroken fiber is used for production of non-combustible engine insulators, basaltic pipes, anchors, grids, noise insulation of mufflers and body frames, reinforcement of concrete constructions. Basaltic unbroken fiber is used extensively to protect the environment, that is for flameproof and heat-resisting clothing, grid from E-field radiation, material for disposal of the extra toxic waste. By performance specifications (chemical durability, elasticity, mechanical strength, operating temperature etc.) and price, basaltic fiber outperforms glass one and it is much cheaper than the carbon fiber. Raw materials source to produce basaltic fiber is wide and available, one third of the volcanic rock of the Earth's crust is basaltic. Raw material and delivery make 5% from product cost. Taking into consideration features and a wide range of application of the continuous basaltic fiber and products on its basis enabling to replace glass, asbestos, metal, wood etc. Current demand for basaltic continuous fiber is hundreds of thousands tons per year. Operating enterprises satisfy only 1–2% of demand.

Technology and technical equipment to produce broached mats from pure fiber without using of synthetic binding agents. Patent № 2204534 on threads deposition technology, equipment to produce continuous fiber blowing basaltic melt was got. This will allow production similar to ours to be replicated in other regions of the country and abroad.

Current state

At present, six basalt-melting furnaces and two broaching lines produce 2000 cubic meters of mats per month. Heat-resisting slabs line produces 60 cubic meters of production per month. The sales volume in 2006 made \$ 458 ths., in 2007 it is planned to make \$ 1880 ths. Preliminary work was done to get heat-resisting ferro-alloy for the feeder.

Development strategy

Use of funds:

1. R&D (Development of the platinum-rhodium feeder substitute for the heat-resisting ferro-alloy)	50%
2. Fixed assets acquisition (construction of the separate shop, experiment furnace, winding machine)	15%
3. Product upgrade	5%
4. Marketing (marketing research, publicity events, exhibition arrangements, products launching to Russian and foreign markets)	20%
5. Current assets (supplies)	10%

Prospective outcome of investment

After R&D once a production piece of the heat-resisting feeder is received a separate shop to produce basaltic roving with productivity of 780 tons per year will be constructed.

Marketing & Markets

Active participation in the specialized exhibition and trade fair activities is intended to launch the product to the Russian market. Goal-oriented advertising campaign (mailing, publication in the specialized magazines etc.) is intended to market the company as a producer of the effective and high-quality basaltic products and create a positive image. Scheduled advertising budget for 2007 is \$ 100 ths. Merchandising will be intended to establish long-term relations with consumers and create direct and intermediate marketing channels. At present, such policy is reflected in the long-term relationships with organisations in the Republic of Tatarstan, Volga region, Voronezh, Rostov and Moscow regions and in Moscow (Municipal unitary enterprise "Kazenergo", "Stroy Alyans" Ltd., "ZIOSAB" ZAO, "Ingener Servis" Ltd., "Gelios" Ltd., "Splav+" Ltd., "Spetsmontag Isolyatsiya" Ltd., "Almetjevskiy zavod radiopribor" Ltd., etc.). Dealers sales in the Moscow region are effective, retail sales through the building markets are developing.

Interaction with investor

To ensure investments-back guarantees it is supposed to transfer 20–30% of the company share into ownership of the investor with subsequent repurchase on a contractual basis by the former owners once the projected capacity is reached.