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Volume of investments required – \$ 3 million

Summary

1. **Production** – elite suits and coats custom tailoring on the basis of a unique innovative technology.
2. **Trade marks** – "Burzhuin" – application № 2007717855 dated 18.06.2007.
3. **Sales 2007** – \$ 480 ths.

Company profile

Date of establishment – August, 2006. SJSC Atelye was created on the basis of design Atelye "Image" (2004) as a part of a research and manufacturing association (RMA) Atelye, which is the leader in the custom tailoring sphere. RMA Atelye is a joint of 3 companies working in the following trends:

1. SJSC Atelye – design and technological workings out, the logistics core of the association, software support of manufacturing process.
2. LLC Atelye Taylor – production base of the association.
3. LLC Burzhuin Club – distributing, trade network.

Description and value of capital assets – \$ 620,000 totally including: capital assets \$ 44,000, sewing equipment \$ 176,000, trade mark \$ 120,000, engineering program \$ 184,000, technology \$ 96,000.

Previous rounds of investments – the project startup required \$ 1,000 of the owner's investments.

Signs of public recognition – the company participates regularly in various industry shows; it achieved the diploma of the international textile and light industry exhibition "The fashion Industry" (St. Petersburg, November 2007), and the Holland & Sherry certificate – the certificate of the largest first-rate fabrics manufacturer.

Publications: "Market of business clothes"//Light industry, #7, 2007; "Meeting on the up" Inter Business//October 2007; "Burzhuin" – a brand of winners"//The Chief, #12, 2007; "Modest charm of the Russian bourgeoisie"//Business Week, 03.03.2008.

Number of employees – 35 persons. The workforce is notable by its professionalism, unity, dedication to the general idea.

Structure of ownership

Legal entities (Companies)	0%
Natural persons:	
Kukhno Sergey Gennadyevich	66%
Kukhno Dmitriy Sergeyevich	34%
Aggregate share of government property	0%

Team

Kukhno Sergey Gennadevich – Founder of the company, 43 y.o. Doctor of Science, Economics. The author of the idea, the initiator of the project, custom tailoring experience is more than 20 years, 5 of them working as the head of the garment factory of the Ministry of Defence where he changed a business line from mass tailoring to custom officer's uniform tailoring.

Kachaev Evgeniy Aleksandrovich – President of the company, 29 y.o. Graduate of St.Petersburg State University. Possesses big administrative experience in the organisation of various business projects from scratch; his latest large-scale project – "Persons of Russia" in news agency "RosBalt" – concerning foreign affairs of Russia, was approved and supported by the UNO, UNESCO Office (Paris), UNESCO Bureau in Moscow, the Federation Council of the Russian Federation, the State Duma of the Russian Federation and other state and public structures. The project became the Prize-winner in four nominations at VII Russian Internet competition "Golden site-2006" and was invited to take part in an exhibition "Best projects of Russia-2008" under the patronage of the Government of the Russian Federation.

Production

Most of the population are people with a non-standard forms. Therefore they experience difficulties in acquisition of readymade clothing in a trade network. In its turn custom tailoring is distinguished by a higher price, longer period of manufacturing and higher level of "human factor". CJSC Atelye managed to gather all advantages get rid of disadvantages characteristic of both custom and mass tailoring.

This became possible due to developing a design program of its own, which can receive the numeric number of a model and 39 size parameters in the input to give exact patterns fitting all specific features of a given figure and without additional try-ons. This program designs a suit model according to 1500 points and creates exact image of a client figure.

The company has its own algorithm of registering size dimensions which makes it possible to describe precisely any figure of a man. The algorithm of model creation allows a user to construct a model of the chosen item on his own.

On the basis of the given information the designing technique developed by the company and the software allows a young designer without working background to construct exact patterns of an ordered model without additional try-ons and adjustments after 2-week courses. A submission for the grant of patent in Russian Federation № 2008116648\12 (018957) dated April 25, 2008. The notice on positive result of formal examination is received on July 30, 2008.

The introduced logistics system allows to accept the order in electronic form, to transfer it after processing to design department for pattern creation, to send them in electronic form to production site and to provide end product delivery directly in an order place.

Thus there is no necessity to create a stock of materials. In any place the customer is provided with more than 1500 fabrics samples in special albums, and after his choice the fabric is delivered from the UK in the quantity needed for executing the order.

This system allows to perform custom tailoring according to personal size dimensions and the model created by the customer in remote access without direct contact with the client.

The developed technological order of the in-house production allows to move the manufacturing process into regions, accompanying electronic patterns with a package of technical specification.

The developed technology doesn't have any equivalents.

Current state

At the present time, CJSC Atelye is a rapidly developing company which has already conquered its place in the market. The trade mark "Burzhuin" is known not only in St.-Petersburg, but also far outside.

The trade network from the involved partners (men's wear salons) is created. The company engaged directly in sales is created. Own production allows to make up to 200 items per month.

Currently it is the unique company in Russia and abroad which has a designing technique and a know-how making it possible to carry out custom tailoring in industrial volumes irrespectively of distance.

Development strategy

Use of funds

- | | | |
|----|---|-----|
| 1. | R&D (working out of new designs for assortment expansion) | 15% |
| 2. | Marketing | 60% |
| 3. | Acquisition of current assets | 25% |

Prospective outcome of investment

Creation of its own trade network. The trade network will be presented in 25 cities of the Russian Federation specializing in expensive brands.

The basic ideological orientation of the trading house is the individual approach to each client, the possibility given to him to create a model, to choose a combination of colors and materials, and all this combined with ideal fitting on a figure.

The main competitive advantage is the possibility to receive all spectrum of clothes in one place with a guarantee of the necessary model, color and size. Moreover, once having taken measures, there is a possibility to make further orders in the Internet with delivery to any place with a full guarantee that products will fully correspond to a figure and wishes of the customer. Preparation of a recognized format for an exit on the international market.

Marketing & Markets

Volume of the Russian market of man's suits makes about \$ 800,000. Demand for business and gala suits is active enough. Consumers of services of custom tailoring are 6% of Moscow inhabitants and 2% of St. Petersburg inhabitants (about 0.6% in Russia), but in fact there are much more people interested in such service: 25% of the people conducting an active way of life, would like to receive the clothes made to order by their individual measures, but they are stopped by terms and a questionable format of the private studios. The "Burzhuin" technology eliminates obstacles for market expansion. The planned share of the market by the year 2011 is 15%.

For an entrance to the market the mixed distributing system was chosen – by means of its own studio and partner boutique networks. At the moment there are 11 boutiques in St. Petersburg, 1 – in Velikiy Novgorod and an office in Southern Federal District – in Rostov-na-Donu.

The sales analysis has shown: in spite of the fact that partner networks give the chance to provide service in a larger quantity of trade points with smaller amount of investments, own trade points work much more effectively. In its turn, fast self-repayment of each point allows to make a conclusion on economic feasibility of the own network creation.

Interaction with investor

The maintenance of the investments return guarantee is secured by 40% transfer of company shares to the investor, with the subsequent repayment by former owners in 3 years on a contractual basis.

Financial characteristics, \$ thousand

Data	Facts			Forecast	Forecast with the investment required			
	2005	2006	2007	2008	2009	2010	2011	2012
Sales	--	--	80	400	1 800	4 680	9 360	12 000
Operating income	--	--	--	100	900	3 240	5 640	8 640