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Direct Investments

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Investment Romance

Albert Shigabutdinov is the founder and the head of TAIF, the largest holding company in Tatarstan. The size and variety of TAIF activities could be compared to the Corporation «Systema» in Moscow and even to Gasprom.



Useful reclusion

Often when someone has endured a major health problem, it always hardens or softens their character. The illness may also bring major changes of plans that affect those who make a circle of acquaintance around you. Later you often find that the experience was for the better and there's a silver lining to every dark cloud.

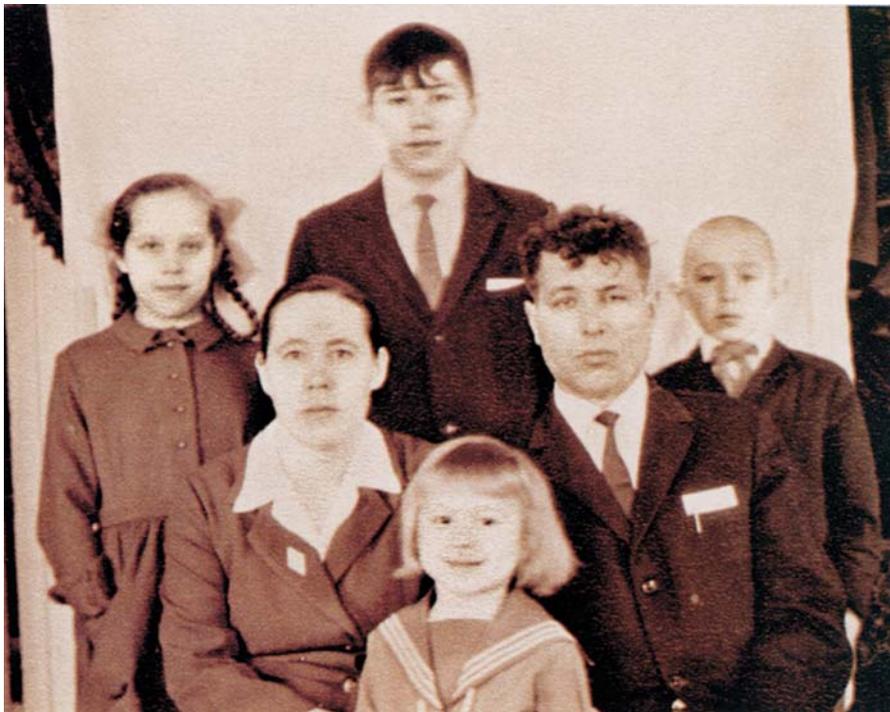
In 1960 when Albert Shigabutdinov was eight, the doctors diagnosed him with a serious disease, aggravated rheumatism. In early spring that year, he and his village friends went to watch the ice

breaking on the nearby river. Boys being boys, they ended up getting wet, and young Albert felt so tired that he lied down to have a nap on the ground. Next morning, he had a bad fever and could not move his legs.

Thanks to hospital care and treatment, he recovered enough to walk again, but the illness lingered till he was in the eighth grade at school. Finally his doctor advised Albert to get some exercise, with caution. Albert tired of doctors and medicines, he wanted to have his good health back, and fast. From then on, two or three

hours of football, hockey on ice or skiing, depending on the season, constituted his daily routine.

But during all these years of slow recovery there was secluded life and studies. His favorite subject was Mathematics (he even took the first prize in the all-republic math and physics contest among schoolchildren). He was particularly excited by aviation and astronomy. He didn't dream of becoming an astronaut, apparently because of the health problems, but he belonged to the school radio club where he learnt to assemble transmitters, the



spare parts for which he ordered by mail.

He was very close to receive a gold medal for successful finishing the secondary school. His mum, a woman of integrity, did not let that happen. She was teaching Russian language and literature at his school and at his graduation exam put him a «good» mark instead of the «excellent» as for all other disciplines.

He ended up at the Kazan Aviation Institute, having successfully passed the entrance examinations, in which only one applicant out of seven was accepted. But soon in the first semester he realized the difference between education in town and in the village. His grades got worse and being an A student before, he was almost expelled from the college for poor progress.

That is when his diligence formed over the years of illness came in handy. All the time before the New Year's Eve he spent in the reading room of the library. He passed his examinations in Physics and Descriptive geometry on December 31st to have more time for preparation for his Math examination, which he successfully passed on January 20th. These dates are embedded in his memory. The studies improved. Albert received the higher grants.

He also enrolled into the summer jobs program (they were usually sent as teams of manual workers to construction sites) first as a worker and then as a commander and foreman. He made a team along with a couple of strong guys, which passed their examinations ahead of schedule and were

eager to earn some money. Even the one month vacation, which was given to the students participating in the summer jobs program in September, was used by Shigabutdinov and his friends for work. Due to his strong work «optimization» his earnings as a senior student reached up to five thousand rubles, to say nothing of the precious experience of working with people, which he acquired.

After graduation Albert was offered a position of a researcher at his college. But here again the destiny stepped in when his father became seriously ill. Being the eldest child (Shigabutdinov has two sisters and a brother) he had to take care of the whole family.

His college salary was not enough. Luckily, and taking into consideration that he was a for-

TAIF PSC

TAIF PSC is a big diversified group of companies engaged in five basic lines of activity: stock and financial markets; oil extraction, oil processing and petrochemistry; telecommunications, construction and services. The authorized capital comprises 135 million rubles. TAIF owns and manages the assets of about 40 subsidiary and dependant companies, including Nizhnekamskneftekhim OJSC, Kazanorgsintez OJSC, TAIF-NK OJSC, Intelligent networks OJSC, Television and radio company «TVT» OJSC, Television and radio company «Noviy Vek» OJSC, KARSAR LLC, and others. The staff of TAIF group of companies consists presently of 15 thousand employees. The average salary comprises 12,326 rubles. For nine months of 2005 the proceeds comprised 22,375 billion rubles, net profit – 5.54 billion rubles, capital investments – 6.53 billion rubles, taxes – 3,114 billion rubles.

mer leader of a construction team, he was recommended for the position of Deputy Director of a pilot collective farm 30 km away from Kazan. The job promised a good salary, a company car and an apartment. It was too good to refuse.

Tractor drivers

Shigabutdinov felt at home on the collective farm, as he worked here before with his construction team. In a new capacity he actually did things, which he used to do. He supervised the construction, supply and sales.

The Government granted 1.5 million rubles for the construction of the pilot collective farm, an incredible sum of money in those times. The local administration decided how to use the money received from the Government.

The big construction attracted attention of many people. Soon authorities started to receive complaints of «the wrong appropriations of the government funds» at the farm. An article was published in «Pravda». The resulting audit lasted over six months, joined at some point by the Prosecutor's General Office of the USSR.

The investigation showed that the money intended for gloves and buckets was used for vodka for machine operators at traditional celebrations and expensive dinner sets as presents for women for the International Women's Day on March 8th.

The inspectors' calculation of expenses amounted to 36 thousand rubles, a significant sum at those times. When the staff of the collective farm realized that the money was spent for their celebrations, they put together their own money to pay the necessary compensation.

Nevertheless, the case was not closed. Shigabutdinov got reprimanded: an order came to downgrade him for three months to the



The decision of Ruslan and Timur to continue their career in «TAIF» was partly influenced by their father Albert Shigabutdinov

rank of master of works. He found it unfair and submitted his resignation.

«Now I would take all that differently, says Albert Shigabutdinov. But at that time my belief that I did not pocket any government money could lead me through anything. I did not even think that the case could have a bad end. At that time we did not know that even innocent people go to prison. I was sure that my innocence was all what mattered and that I would be exonerated».

Albert was sent away for a month's vacation so that he could

have some rest, but he started searching for a new job.

Another job

He found a job in Kazan in Raypischetorg (the District Food Trading Administration) in the capacity of the Deputy Director in charge of construction and maintenance of shops. Soon central grocery shops looked much better; they acquired marble decorations, refrigerating equipment, grills and mixers.

At the same time, according to Shigabutdinov, one officer of the auditing committee was almost demanding to build him a sum-

mer house. When he refused, the officer wrote a complaint to the Department of the Interior and OBHSS (Economic Security Committee). The auditors spent nearly a month in one of the stores to find out the exact area of the marble slab, which was used for the floor. The results showed that there was used less marble by 112 rubles than it was declared. That equaled a cost of a small marble piece.

Shigabutdinov was strictly reprimanded. Again he did not agree with the finding against him and got another job at the RSFSR Fish Industry Ministry as a Volga region materials and machinery supplies centre Deputy Director in charge of construction, supplies and sales.

At that time perestroika was already going full steam. «I always believed that the economy needed some changes,» recalls Shigabutdinov. «Of course, I looked upon it from my own standpoint. I believed that a person should get what he earns and spend his money the way he likes».

It is interesting that in spite of all the positions taken, Shigabutdinov never belonged to the CPSU. «To tell the truth, I was reprimanded a couple of times for this», laughs the businessman.



But his boss, in the Fish Industry Ministry, was a staunch communist and refused to believe that new times had come. Shigabutdinov advised him to use the new rules and lease from the government all available assets. But his boss wouldn't dare, fearing an abrupt return to the old times. Shigabutdinov tried again and again and finally he resigned.

Three friends

During the time of reforms, in cooperation with the Kazan city executive committee, Shigabutdinov established and became the Head of the Foreign Trade Scientific and Production Association «Kazan».

There were shortages of every commodity at that time, and the company provided people with consumer goods. Together with Shigabutdinov, Guzeliya Safina and Rustem Sulteev entered the new market economy conditions. Albert says that Sulteev made him a good manager and Guzeliya trained his skills in accounting and finance. The partners are still working together – the partners of the Kazan Foreign Trade Scientific and Production Association became the core of TAIF Public Corporation established in 1995.

«Every person, as Albert Shigabutdinov comments his fidelity to job, has good and bad traits. I believe that business should be organized, so that only good traits of people would be used, and then there will be no reasons for negative emotions. During hard times it is important to support each other, but business and friendship shall always be kept apart».

They say that kind and always smiling Albert is at the same time a strict manager. «Not strict, but demanding», corrects Director General of «Kazanorgsintez» Leonid Alekhin. «He always controls the implementation of passed resolutions. But in the process of discussion he will listen to any

opinion. And he never sets goals beyond someone's reach».

«Shigabutdinov has a calm character, he is always smiling», tells Deputy Director General in charge of economic and financial issues Safina Guzeliya. «I, on the contrary, can be emotional in discussions. I even asked him not to let me loose my temper. He just laughed in response, saying that it was OK, at least he knew what I was thinking about».

This year TAIF is celebrating its tenth anniversary. «It is not a long period for the company. It's like the third grade of the secondary school», says Shigabutdinov. «I think real celebrations shall be only for the 25th anniversary. Only then we can say that the company has firmly established itself in the market».

The tenth anniversary will be celebrated just inside the company among about 500-600 people out of 15 thousand employees.

Today TAIF Public Corporation is a diversified company, which includes about 40 enterprises working in five basic trends: stock and financial markets; oil extraction, oil processing and petrochemistry; telecommunications, construction and services. The size and variety of activities of TAIF make it comparable to the Moscow Corporation «Systema» and even to the all-Russian corporation Gasprom.

How did it happen that a small company with three employees grew into the largest corporation in the Republic? The most important thing, apparently, is that the founders of the company quickly reacted to economic changes and did not argue with their bosses.

The relationships of the main Tatar businessman with the President of the Republic of Tatarstan Mintimer Shaimiev are very clear. Albert Shigabutdinov once said, «Here in Tatarstan, if the President said something and especially if he supported some idea -it becomes already a law».

A few more words about TAIF development... When business faced the problem of bad communications, there appeared a cell phone operator Santel (this company was sold to MTS in 2003), and later on digital telephone exchanges in Kazan and Naberezhnye Chelny.

TAIF got involved in the construction business, when the Program for Elimination of Obsolete Houses was launched in Tatarstan. Then TAIF raised \$26 mln. of credit facilities and passed the money to the State Dwelling Fund. The next project was the construction of the modern office premises, «Pyramid» entertainment complex, which is one of the sights of Kazan now. For the leading experts of TAIF, subject to Shigabutdinov's insistence, a the company built a house with the self-contained power and water supply, security, a store, a restaurant, two swimming pools and even a conference hall.

The main part of the corporation assets is concentrated in the sphere of oil processing and petrochemistry. At the end of 2002 the shares of Kazanorgsintez OJSC were bought at the secondary market and the controlling stake of this enterprise was formed. At that time the proceeds of the petrochemical giant comprised \$220 million, and the net profit – \$23 million. Just two years later the numbers reached \$400 and \$80 mln. correspondingly.

TAIF is the owner of the oil-refining complex TAIF-NK and the golden share of Nizhnekamskneftekhim. The Management plans, in 2012 the production output of the plants will comprise \$4 and \$3 billion correspondingly.

At the same time establishment of new companies is not an end in itself for Shigabutdinov. Quite on the contrary, out of 43 companies, which are members of TAIF now, he is planning to keep no more than ten. All the other companies will gain their independence.

«It is important that the economy of Tatarstan should be based on strong and stable enterprises and anyone except criminals can own them. Our corporation is one of the companies which significantly increases the volume of investments in the economy of the Republic, thus positively influencing the investment climate», says Shigabutdinov. We will do anything we can to improve the economic situation. And having increased the efficiency, we will give better environment to work in for other companies».

War and Peace

Shigabutdinov met his wife when he was a student. Being the monitor of the group he made a visit to one of his group mates, who was ill, and so he met Galiya. The important step made by Albert was prompted by the forthcoming graduation of Galiya, who was a year older. Not to lose his girlfriend, he proposed to her.

When he told about his intentions at home, his dad was shocked. «You are just a student. You need to study, not marry!» After a few days of heated arguments the son won.

Thirty years have passed since then. After graduation from the Kazan Aviation Institute Galiya also finished the Teachers' Training College. She was teaching Physics on the collective farm and after coming back to Kazan she was in charge of a kindergarten. Now she is devoting all her time to her family.

«After all there are three men at home», smiles Shigabutdinov. «Though, I always say to my sons, that I married so that they have a mother, not a housewife». The businessman has got two grown-up sons. The elder Ruslan is 29 years old, the younger Timur is 22.

Both his sons are attorneys. The junior works for Kazanorgsintez, the elder – for TAIF, Ruslan used to own quite a successful advertising business, but his father insisted on his son working for his corporation.

In his spare time, of which he does not have much, working 14 – 16 hours a day, Albert Shigabutdinov likes to play pool.

Now he is rereading «War and Peace», which his wife is kidding him about, but Albert says that the novel has a lot of psychological portraits and characters, the study of which is useful for management.