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**Original Article: THE ENTERPRENERSHIP ACTIVITY OF JSC "KAVDOLOMIT"  
AND ITS EFFECTIVENESS**

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**Authors**

D.S. Murieva, Kuban State University, Russia.  
E.A. Zhuravleva, Kuban State University, Russia.

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Manufacturing industry is a very important sector for the overall economic development of each country, not only because of its share in the Gross Domestic Product of the Country, but also because of its importance which it has on the field of employment as well as for establishing the conditions for a balanced regional development.

JSC "Kavdolomit" (from 1954 to 2009 Quarry "Kavdolomit") specializes in the production and processing of Bosninsky dolomite deposit.

Bosninsky dolomite deposit is one of the best deposits in Europe due to the high technological properties, cleanliness, huge explored and virtually unlimited geological reserves and favorable mining conditions of development. Moreover, Bosninsky dolomite deposit is a source of unique dolomite in its composition, which is characterized by consistency on chemical, mineralogical, petrographic and physico-mechanical parameters.

JSC "Kavdolomit" is the main Russian exporters of dolomite. From 98 to 99% of the total Russian exports are accounted for a share of the enterprise.

Dolomites of Bosninsky deposits are high quality raw materials for the manufacture of glass, tar-dolomite

refractories, magnesium oxide. JSC "Kavdolomit" is the company of full production cycle, from raw material production to sales. JSC "Kavdolomit" dolomite provides leading enterprises of the glass industry of the Russian Federation, Ukraine and Belarus.

The main reserves nationwide dolomite for glass industry (71.5%) are concentrated in Bosninsky dolomite deposit. JSC "Kavdolomit" offers the following types of products presented in the Picture 1-4 below.

Among Company's advantages there are:

1. Own resources.

It allows you to make the necessary volumes of crushed dolomite and dolomite, not depending on the market situation and eliminating intermediaries.

2. High quality product.

Dolomites of Bosninsky deposit are characterized by consistency of chemical and physical and mechanical parameters.

3. Modern production technologies.

Allow to make the process of production of dolomite products perfect.

4. Reliable and stable supplies.

Availability of own raw materials, storage facilities, staff professionalism are the guarantee of the stability of supply [5].

Main competitors in the field of activity (within internal market) are considered the next companies:

- the State Unitary Enterprise (SUE) «Vladimirskoe Kariyeroupravlenie», Vladimirskaya Oblast’;

- JSC «Kovrovskoe Kariyeroupravlenie», Vladimirskaya Oblast’;

- LLC «Kapital Magnezit», Vladimirskaya Oblast’.

Prospects of development up to year 2018 are: the search for new consumers; creation a complex of production on the basis of dolomite raw material; technical re-equipment and modernization of acting facilities [3].

The Company in some sense combines certain characteristics of lean manufacturing strategy also known as just-in-time manufacturing, aims to make the manufacturing process as efficient as possible by eliminating inventories and streamlining the manufacturing process to reduce wasted labor and materials. By maximizing efficiency, the Company plans to reduce costs and make themselves more competitive in the market.

Full-name of a given stock Company – joint stock company «Kavdolomit».

Memorandum of Association is the constitution of any Joint stock company. It directs or instructs companies with mentioned legal structure and company. JSC «Kavdolomit» is also run in accordance with its the Memorandum of Association. Basic information and provision of the Company are clearly mentioned in this kind of document. It defines scopes, objectives and functions of the Company. The purpose of memorandum is to enable the shareholders, creditors and those who deal with the company to know what is its permitted range of activities or operations. It defines the relationship of the company with the outside world.

Objective clause: The objective of the Company activity is profit earning.  
Functional clause: Main activities and

functions of the Company. Capital clause: Company’s property consists of paid-up authorized capital (46 605 000 forty six million six thousand hundred) rubles and drawn incomes [3].

Authorized capital is amounted to 4 605 000 (four million six thousand hundred) equities (or ordinary shares). Nominal value of one ordinary share is equal 10 (ten) rubles.

Main types of Company’s activity are: mining, processing and sale of dolomite; production and sale of construction materials; foreign-economic activity; carrying out repair and construction works.

Another important document is Articles of Association, which contains the various rules and regulations for the internal management of the Company. These rules are also called the bye-laws. It covers various rights and powers of its members, duties of the management and the manner in which they can be changed. It defines the relationship between the Company and its members and also among the members themselves. The rules given in the AOA are in conformity with the Memorandum of Association. Articles of Association of a Company contains rules and regulations with regard to the following matters: (a) preliminary contracts; (b) use and custody of common seal; (c) allotment, calls and lien on shares; (d) transfer and transmission of shares; (e) forfeiture and re-issue of shares; (f) alteration of share capital; (g) issue of share certificates and share warrants; (h) conversion of shares into stock; (i) procedure of holding and conducting company meetings; (j) voting rights and proxies of members; (k) qualification, appointment, remuneration and power of Directors; (l) borrowing powers and methods of raising loans; (m) payment of dividends and creation of reserves; (n) accounts and audit; (o) winding up [1].

The major body in charge of taking the most important decisions at JSC «Kavdolomit» is General Meeting of its shareholders, the powers of which

specifically include the elections of the Board of Directors. The Company shall be responsible to hold annual General Meetings of shareholders every year and considers the results of its activity. Equities produce income in the form of dividends. Dividends are part of the appropriation of a stock company's profit. Most often, the dividend payments are ultimately determined by the shareholders' meeting. Board of Directors consists of 5 members. Visualized organizational structure of the Company is written down below (Picture 5) [3].

Management structure of the Company consists of such authorities as: General Meeting of shareholders; Board of Directors; Director-General – the single-person executive body of the Company.

Republic of North Ossetia-Alania is developing in accordance with the objectives and priorities of the long-term development strategy of social-economic and investment sectors, which reflects the development of key sectors of the republican economy. Environmental conditions in the Republic allow successful development of many industries, while subsurface resources rich in various minerals create necessary prerequisites for that.

The Republic of North Ossetia–Alania has a well–developed manufacturing sector and possesses the essential infrastructure for investment. Of practical interest are the identified and explored deposits of limestone, marl, dolomite, marble and basalt. Inert construction materials (clay, sand and gravel) are widely used. There are oil deposits with prospective resources of about 13.4 million tons in the republic.

RNO–Alania's profitable companies posted earnings growth of 67.8% in 2011. RNO–Alania produces 35% of Russia's zinc, as well as 46% of lead, 15% of hard metal alloys, 83.6% of electric contactors, and about half of curtain fabric produced in Russia [4].

In addition, the republic is home to manufacturers of building materials and

components (OAO PZhBI and OAO MOEMZ), glass (OAO Iristonsteklo), electric contactors, furniture (ZAO ROKOS), corrugated board packaging (OAO Digorsky Corrugated Board Package Plant), knitwear (OAO Mozdok Clothing Factory), starch products (OAO Beslan Corn Plant) and an enterprise for repairing railway rolling stock (OAO Vladikavkaz Car Repair Plant).

In the industrial sector, there operate 60 large and medium-sized enterprises for mining ores, dolomite, repair of railway rolling stock, production of lead, zinc, tungsten, copper rolled products, hard alloys, building materials, glass, electrical equipment, packaging, furniture, knitwear and food products. The share of individual product types is rather significant in the national scale. For example, the republic produces 39% of Russia's zinc, 46% of lead, nearly 38% of tungsten, 15% of hard alloy metal, 32 % of cadmium, one third of electrocontact material and about half of curtain fabric [6].

The Republic has significant stock of various construction materials:

- sand and gravel composites – 250 mln. cub. m at 33 deposits and sites;
- mortar sands of various commercial categories – 16265 thous. cub. m and 27290 thous. cub. m of C2 category;
- brick tile – 16 deposits and sites. Moreover, there are 40 types of clay referring to the different genetic types which have been tested in production of drilling fluids, ceramics and pottery;
- dolomites- 228076 thous. ton of A+B+C categories and 4231 thous. ton of C2 category reaching 70,7% of the crude dolomite material for glass industry and 10,2 % of Russia's national dolomite stock;
- limestones - 105871 thous. ton of A+B+C1 categories (8,3 % of Russia's national carbon-bearing raw stock);
- marls – 95598 thous. ton of A+B+C1 categories;
- bentonite clays - 50 mln. ton of P1+P2 category and 10 mln. ton of C2 category;

- quartz sands – 8,5 mln. cub. m of the explored stock and more than 65 mln. ton of prospective resources;

- facing stones– 2953 thous. cub. m of A+B+C categories;

and there are also promising deposits of healing stone [4].

More than 70% of Russia's national stock of dolomites is concentrated in the republic. JSC «Kavdolomit» provides full technological re-equipment and production expansion including special-purpose machines; crushing and screening equipment; construction, mastering and commissioning of facilities for grinding of sledged dolomite, railroad construction and launch of the diesel loco. The overall production efficiency upon reaching the rated capacity level will come to 882 thousand tons per year.

In the context of market analysis, let's look at the Company's efficiency sales analysis, presented in the Table 1.

Common Profitability Ratios include such indicator among other ones as Profit Margin, because investors will be reluctant to associate themselves with an entity with poor earning potential. Creditors will also steer clear of companies with deficient profitability since the amounts owed to the creditors may not be paid. In its turn, Return on Assets evaluates how much profit a company is able to keep for every

dollar it makes i.e. if the company is using money wisely. So, in 2014, the return was 6.8% and the next year it grew almost in twice - to 13,2% So, productivity of Assets has increased. Having a sufficiently high return on Assets, the Company is using its Assets productively.

**References:**

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Fig. 1, 2 - Dolomite lump and Dolomite powder – for the glass industry

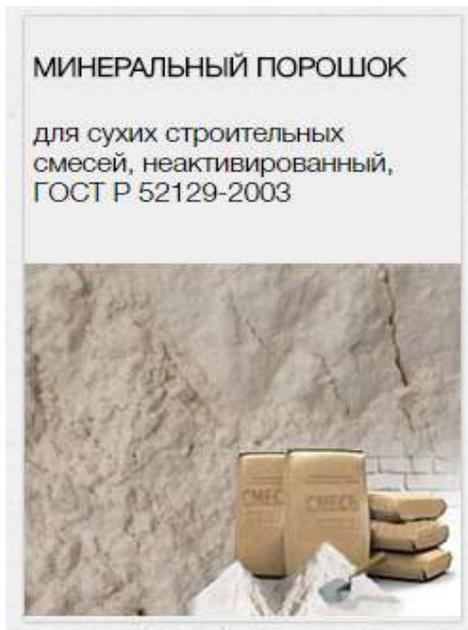


Fig. 3, 4 – Mineral powder for dry mixtures and mineral powder for asphaltic – concrete and organomineral mixtures

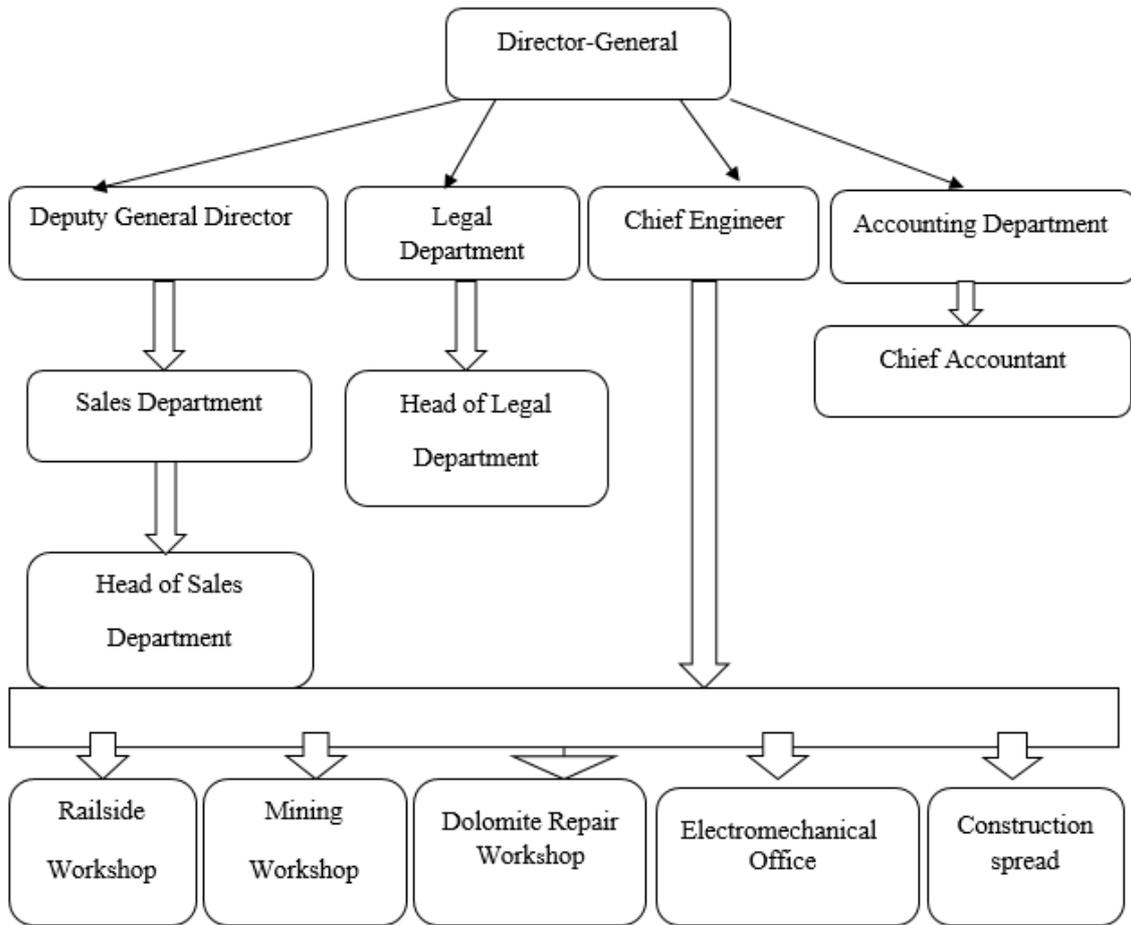


Fig. 5 – Organizational structure of the JSC «Kavdolomit»

Table 1

Analysis of the efficiency of the «Kavdolomit» company sales [2]

| Year | Sales, thous. rub. | Profits, thous. rub. | Assets, thous. rub. | Asset Turnover | Profit Margin, rub. /% | ROA, % |
|------|--------------------|----------------------|---------------------|----------------|------------------------|--------|
| 1    | 2                  | 3                    | 4                   | 5              | 6                      | 7      |
| 2014 | 206 973            | 22 960               | 253 455             | 0,063          | 56 243/8.34            | 6.812  |
| 2015 | 255 410            | 50 034               | 297 659             | 0,167          | 57 533/15.39           | 13.202 |