

# MALABAR CEMENTS LIMITED

(ISO 9001:2015 & ISO 14001:2015 COMPANY)

(A GOVERNMENT OF KERALA UNDERTAKING)

## MASTER PLAN



MALABAR CEMENTS LIMITED

Registered Office & Works

Walayar (PO)

PALAKKAD - 678624

Table of Contents:

- I. *Introduction*
- II. Executive Summary
- III. Cement Process Flow Diagram
- IV. Health, Safety & Environmental Measures
- V. Overview of Cement Industry
- VI. Performance of the company during the last 5 years
- VII. Capacity Utilization Industry and MCL for last 5years
- VIII. SWOT Analysis
- IX. Assessment
- X. Modification and up-gradation constraint of existing MCL Plants
- XI. Challenges faced by cement industry
- XII. Growth-Way Forward
- XIII. Vision Beyond
- XIV. Support required from Government
- XV. Opinion of Trade Unions & Officers
- XVI. Conclusion.

## **INTRODUCTION**

Malabar Cements Ltd, Kerala, is a premier cement company, wholly owned by Government of Kerala. Cement being a location specific industry, hence has to be set up near the limestone deposits. In Kerala, Walayar was the only place endowed with limestone. MCL has been in manufacturing of cement since 1984.

Viewing the rising demand for cement in the state, the company set up a clinker based grinding unit at Cherthala in 2003.

MCL is the only cement company in Kerala with an integrated cement plant in the state and contributes to the development of the State by supplying the vital construction material that too Factory Fresh, within 12 hours anywhere in Kerala without drop in the original strength due to moisture ingress. MCL provides direct and indirect employment to nearly 800 persons.

Limestone is the main raw material required for cement production and is drawn from the mines located at Pandarathu hills inside the Walayar reserve forest. The Limestone raised and crushed at the mine is brought to the Walayar Plant through Mono Cable Ropeway about 8 km long, through the lush green dense forest. The cement produced by MCL is marketed within the State whereby the company is passionately committed to the development of Kerala.

As a responsible PSU committed to the cause of nature, MCL constantly endeavors to keep its environment unsoiled and pollution free. Its pollution control systems are regularly updated to contain the emission levels even well below the standards promulgated by the Pollution Control Boards from time to time.

Malabar Cements uses the state of art, dry process technology for the manufacturing of super quality cement and the quality is much ahead of the National Standards. Malabar Cements take pride in developing the cement most suited to South Indian climate, through its in-house studies and continuous researches in product improvement.

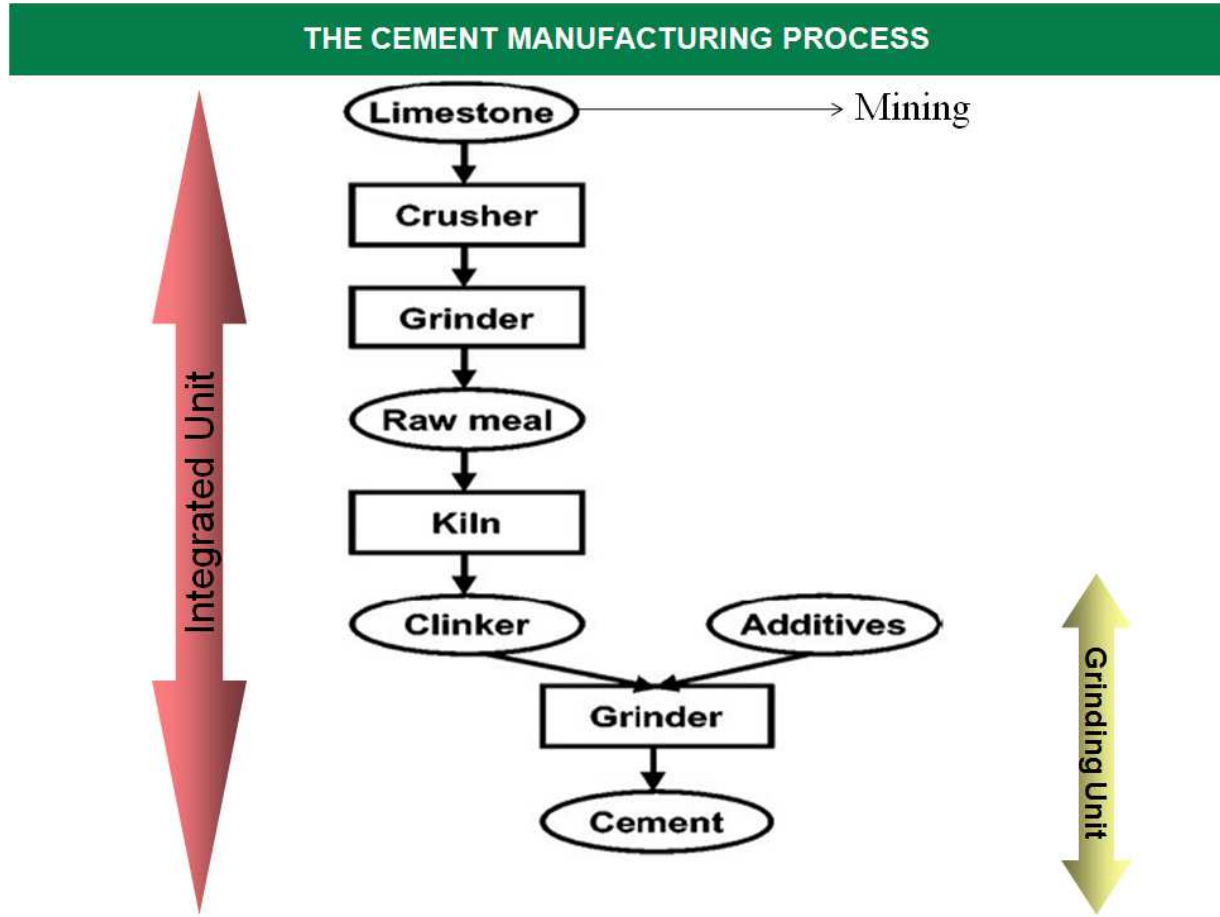
In 2020-21, the company earned a revenue of around Rs 277 Crores and a PBT of Rs.7 .04 Crores (provisional). Net worth of the company is around Rs.209 Crores. The main business of the Company is manufacturing and sale of cement.

The master plan prepared by the company envisages growth in company's market share and turnover by setting up green field Cement Grinding Units and the constraints involved in up gradation and modernization of the existing plants. The report also highlights the various measures undertaken by the company to sustain its operation in a highly competitive environment dominated by major private sector cement companies.

## EXECUTIVE SUMMARY

- Malabar Cement Ltd was established in the year 1978 and started commercial production in the year 1984.
- The company is having two production units:
  1. Integrated Unit at Walayar.
  2. Clinker Grinding Unit at Cherthala.
- Product - Grey Cement
- 550 Employees (including Managerial and Non Managerial) are on Payroll.
- Plant Capacity:
  - (1) Walayar - 0.66 MTPA of cement.
  - (2) Cherthala - 0.20 MTPA of cement.
- The company supplies cement to almost all districts in Kerala.
- Major markets of the company are Palakkad, Kozhikode, Thrissur, Malappuram, Kannur, Aleppy, Ernakulam, Kottayam, Pathanamthitta, Trivandrum etc.
- Cement is mainly dispatched through trucks.
- Current Market share is around 6 %to 8%
- The main raw material for producing cement is Limestone which is mined from captive Limestone mines at Walayar.
- All other raw material like Sweetener limestone, Laterite , Coal, Gypsum, Dry fly ash are purchased from outside. Clinker required for CGU at Cherthala is purchased from outside and also transferred from Walayar Plant.

## CEMENT PROCESS FLOW DIAGRAM



### **Manufacturing Process:**

Malabar Cements manufactures cement through the most modern dry process method based on world-renowned German technology. The major raw materials for cement manufacture are limestone and laterite, which are natural minerals obtained within the state. These raw materials provide all necessary ingredients of cement like lime, silica, alumina and iron oxide. The entire manufacturing process is computer controlled from a central control room and stringent quality control measures are applied at all stages of production. The state of the art pollution control measures like bag filters are also being installed. The process generally involves three stages of production.

## Raw Meal



The limestone obtained from captive mines is enriched with higher quality limestone procured from nearby states as and when required. The raw mix normally contains 95% limestone and 5% laterite. The raw materials are crushed to around 20-25 mm size and the proportioned raw materials are ground in a ball mill in dry condition to a very fine powder. The resultant product is called raw meal and is stored in concrete silos where it is pneumatically homogenized to get a uniform product.

## Clinker



Clinker is produced in a rotary kiln, which is a cylindrical steel shell of 65m length and diameter 4.2m, lined with refractory bricks. The kiln is inclined at 3% and set rotating at a speed of 2 to 2.2 rpm. It is provided with a 4-stage multi cyclone pre-heater system through which the homogenized raw meal is fed to the kiln inlet by means of belt bucket elevators. The Kiln is fired with pulverized coal and maintained at a temperature of about 14500C. In the pre-heater and kiln, the raw meal undergoes a series of physical as well as chemical changes giving rise to the cement minerals. The resultant product in nodular form obtained from the kiln is called clinker. Clinker is immediately quenched in the clinker cooler to stabilize its properties and stored in the clinker stockpile.

## Cement



Cement is produced by grinding clinker with 3 to 5% gypsum in a closed circuit ball mill to required fineness. Gypsum is added to control the setting properties of cement. Grinding clinker and gypsum produces ordinary Portland cement (OPC). Fly ash / Slag at required proportion is ground along with clinker and gypsum to produce Portland Pozzolana cement (PPC) / Portland slag cement (PSC). The ground cement is stored in concrete silos and packed in 50kg bags using electronic packing machines.

## **Health, Safety & Environmental Measures**

Health, Safety & Environment (HSE) is the topmost priority and will constitute an integral part of MCL's process.

### **1. HSE Vision:**

Our vision is to be an organization, which neither causes any harm or injury to people in general nor cause any damage of whatsoever nature to the environment.

### **2. HSE Mission:**

Health Safety and Environment (HSE) shall be of topmost priority of our organization and will constitute an integral part of our business process. We will realise our HSE Vision by adopting an integral approach to the management of Health, Safety and Environment by focusing on People, Processes, Systems, Technology and Facilities. HSE in the organization will be driven by management leadership and will be demonstrated through employee commitment at all levels.

### **3. Health & Safety Policy:**

1. Malabar Cements Limited is committed to maintain a Healthy and Safe Environment (HSE)
2. MCL is duty bound to comply with all relevant statutory requirements
3. MCL lays top most concern for creating the highest level of awareness among its employees on all Health, Safety & Environmental aspects and strives to adhere best practices for overall betterment of employees, communities and other stakeholders.

### **The above policy is achieved through:**

- \* Proper organizational set up assigning the responsibility at different levels
- \* Maintaining a positive culture of health and safety with the involvement of workers
- \* Health & Safety performance accounting periodic status assessment and reviewing progress for continual improvement
- \* Inclusion of Company Health & Safety performance in the Annual report of the Company



- \* Accounting health and safety performance of individuals while considering career advancement.
- \* Specifying safety requirements in equipments purchased
- \* Fixing responsibility of contractors, sub-contractors, transporters and other agencies entering the premises.
- \* Undertaking training/ re-training programmes, methods and other initiatives for promoting safe work practices to make the policy effective.

#### **4. Safety Committee:**

Company has constituted a Safety Committee to take care of various safety aspects and initiating necessary corrective actions to bring down the accident rates, improvements in work environment etc.. Accidents are analyzed with a view to control its frequency. Committee meets periodically once in at least three months.

The committee consists of equal number of members representing both management and workers. Factory Manager / General Manager (Works) is the Chairman and Safety Officer is the Secretary of the Safety Committee

#### **5. Safety Audit:**

Safety audits, Plant safety inspections are being conducted on intervals & necessary corrective/ preventive actions are being initiated. (The audits are carried out either through external expert agencies or through internal experienced teams).

During the year 2019, we have conducted a Safety system assessment through an external HSE expert & actions are being initiated for implementing the various recommendations in the assessment report.

#### **6. Personal Protective Equipment's:**

Necessary PPE's are provided to all employees & the usage of PPE's is being monitored to ensure safety during working at plant premises.

(Safety shoe, Safety Helmet, Mouth Mask, Rain coat, Gum boot, Ear plug, Ear Muff, Safety- Spectacles, Hand Gloves, Full Body Harness, Leather Aprons etc.)

### **7. Housekeeping:**

Housekeeping in and around the factory premises are also given top priority & maintained to ensure safe work environment. Road sweeping machine is being operated for cleaning the roads inside the plant premises. Water sprinkler vehicle is also provided for water sprinkling on roads. The practice of 5S concept is implemented in various sections.

### **8. Safety Education & Training:**

Safety awareness/ training programs are being carried out regularly through in house / external expert agencies. The training programmes on safety are conducted based on the needs, identified by various departments. Officers, Staff & Safety Committee members are also deputed to attend numerous safety training programmes conducted by various expert agencies.

Necessary Safety posters are displayed at various areas of the Plant to alert & create awareness on safety requirements.

### **9. Work Environment Monitoring:**

Sound level & work environment monitoring are being done at specified areas & timely actions are initiated to maintain the levels at all time within the stipulated standard.

For the monitoring of ambient air quality, MCL installed an on line continuous ambient air quality monitoring system (CAAQMS) with provisions to monitor PM<sub>2.5</sub>, PM<sub>10</sub>, SO<sub>2</sub>, CO, NO<sub>2</sub> & NOX and facility to transfer data's to CPCB & KSPCB. A large LED display board is installed at the main gate area for displaying the on line monitoring values.

Necessary process instruments are installed to monitor & control process parameters for the safe & efficient operation of the plant.

Proper pollution control equipment's has been installed to control the dust concentration in the exhaust within the stipulated limit. Timely up gradation activities of the existing systems / installation of new additional systems are also being carried out to take care of the revised outlet emission parameters.

## **10. Fire Fighting Systems:**

Fire hydrant provisions provided at critical points to take care of the emergency requirements & mock drills are taken periodically. (1no. electrically operated & 1no. Diesel Engine Operated Pumps)

252 Nos. Portable Fire Extinguishers are maintained at different locations of the plant (65 marked Locations) (ABC, DCP, CO2 & Foam). Inspection and Servicing of Extinguishers are being done on monthly basis.

Necessary training on the operation of Fire Extinguishers & mock drills are done periodically. Trained fire fighting and First aid personnel are available at all sections of the Plant.

## **11. Medical Facilities:**

Company is well equipped with a Medical Centre at township having full time Doctor and staff. Periodic medical checkup (Yearly) for the employees are undertaken through in-house Medical Centre by utilizing external experienced firms or through external facilities & health records are maintained. Free medical checkup and medicine to employees and family are provided. Ambulance facility is provided round the clock inside the plant to meet any emergency.

Based on the safety, environmental survey & assessment, employees critically prone to hazards are taken care with additional audiometric, pulmonary & eye tests.

Audiometric tests & Eye check up was also conducted for the employees working in critical area's (Audiometric test for employees working in high noise area's & Eye check up for Drivers & Heavy Equipment Operators.)

## **12. Plastic Waste Elimination:**

As part of the Green protocol, we have started elimination of plastic and other non reusable wastes at source. As an initial step towards the plastic waste elimination, we have introduced a system of collecting plastic wastes generated from our plant premises, township and started plastic waste incineration through our cement kiln as per approval & monitoring the emission.

Planting trees in the company and township premises are being initiated regularly as part of greening the campus.

**13. On Site Emergency & Disaster Management Plan:**

With the hazardous nature of the cement manufacturing process in mind, an On Site Emergency & Disaster Management Plan has been prepared and established. The possible hazards, their places, potential and the damaging capacity etc. are identified. The measures or actions to be taken within the shortest time to control such condition are laid down in the Plan.

MCL is committed to comply with all statutory requirements under Factory Act & Factory Rules, Environmental Protection Act & Connected rules.

Company has a separate Department for Safety headed by Factory Manager / General Manager(Works). Company appointed a Safety Officer to look after the safety related functions of the company.

**Company is taking all efforts to maintain the Health, Safety & Environmental measures to achieve the continual goal of Zero accident target.**

## **OVER VIEW OF CEMENT INDUSTRY**

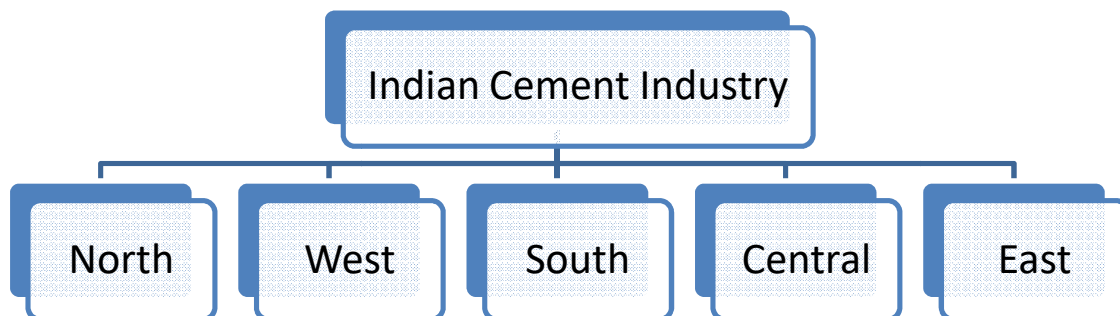
Concrete is the second most used commodity in the world, only after water. Cement is one of the core industries in the country, playing a vital role in the growth and development of the nation. The industry occupies an important place in the Indian economy as construction activities have a direct impact of approximately 8% on GDP of the country and the industry has a share of approximately 4% in Manufacturing Gross Value Added.

The Indian Cement Industry with current installed capacity of 545 million tonnes approximately is a very important partner for the Government to write an inclusive growth story, a green and sustainable future, pivotal in realizing dreams of people of a "New India". The industry, contributing significantly over the years towards employment generation, government exchequer and railways (*by way of freight*), has been a pillar of strength for the economy.

Once considered otherwise, the industry has surprisingly proved itself as an environment friendly sector, consuming wastes/hazardous materials, adopting renewable energy and supporting the Swach Bharat Mission. The sector continues to invest towards ensuring a greener future for generations to come.

Ever since its de-regulation in 1982, the industry has attracted huge investments, both from Indian as well as foreign investors. Several foreign players such as Lafarge- Holcim, Heidelberg Cement, and Vicat have invested in the country in the recent past. A significant factor, which aids the growth of this sector, is the ready availability of the raw materials for manufacturing cement, such as limestone and coal and suitable government policies towards development and growth of the economic infrastructure.

### **Geographically Indian Cement Industry consists of 5 Zones / Regions:**



North – Rajasthan, Punjab, Haryana, Delhi and NCR, Uttarakhand, Himachal Pradesh, J&K.

Demand Drivers – Infrastructure, Residential & Commercial Construction, Metro in Delhi & NCR

West – Gujarat, Maharashtra & Goa

Demand Drivers – Housing + Commercial Building + Export Central – Uttar Pradesh + Madhya Pradesh

Demand Drivers – Housing + Infrastructure Projects

East – West Bengal, Odisha, Bihar, Assam, Jharkhand, Chhattisgarh and N.E. States

Demand Drivers – Housing + Industrial

South – Andhra Pradesh, Tamil Nadu, Karnataka, Kerala, Pondicherry Demand Drivers – Real Estate + Infrastructure

The industry accounts for over 8% of the global cement installed capacity with Southern region comprising 33% followed by Northern 22%, Eastern 19%, Western 13% and Central 13% of the total cement capacity.

India has a huge appetite for development in infrastructure and construction sector and the cement sector is destined to get most benefit out of it. Major attraction for cement manufacturers in India are mentioned below briefly.

- Projects like Dedicated Freight Corridors and ports under development.
- Metro rail projects already underway in most major cities.
- Development of 500 cities with population of more than 100,000 under new Urban Development Mission.
- Government is expected to upgrade 1,25,000 kms of road length over the next five years. Government has decided to adopt cement instead of bitumen for the construction of all new road projects as cement is more durable & cheaper to maintain than bitumen in the long run.
- The Union Budget has allocated Rs. 139 billion (*US\$ 1.93 billion*) for Urban Rejuvenation Mission: AMRUT and 98 Smart Cities Mission. Government's infrastructure push combined with Housing for All, Smart Cities Mission and Swachh Bharat Abhiyan is going to boost cement demand in the country. The move is expected to boost the demand of cement from the housing segment.
- An outlay of Rs 27,500 crore has been allotted under Pradhan Mantri Awas Yojana (*Urban & Rural*). On the back of growing demand, due to increased construction and infrastructural activities, the cement sector in India is likely to see many investments and developments in future.
- Real Estate market in India is expected to reach US\$1 trillion by 2023 and attract investment of Rs 46,000 crores (*US \$6.5 billion*) in 2020.

The Union Budget 2021-22 has particularly emphasized on infrastructure and given an outlay on numerous infrastructure projects (*new as well as up gradation of existing ones*). Some of these are briefly mentioned below.

- Highways and road works are announced in Kerala, Tamil Nadu, West Bengal and Assam.
- Under PM Atma Nirbhar Swasthya Bharat Yojana, primary, secondary and tertiary healthcare units are expected to be developed in the country.

- Modernizing of existing health units at 32 airports, 15 seaports and land ports is to be taken up.
- Metro services announced in 27 cities, plus additional allocations for Kochi Metro, Chennai Metro Phase 2, Bengaluru Metro Phase 2A and B, Nashik and Nagpur Metros.
- 100 new Sainik Schools and 750 Eklavya schools are expected to beset up in tribal areas.

### Present Capacity, Production and Consumption of cement

Cement production capacity has increased from 430 million tonnes from 2015-16 to 545 million tonnes in 2020-21 (*Refer Table 4.1 & Fig 4.1*).

Table 4.1: Cement Capacity in India

Years	Capacity ( <i>million tonnes</i> )
2015-16	430
2016-17	450
2017-18	475
2018-19	508
2019-20	545
2020-21	550

*Source: IBEF Report*

### Cement Capacity (MT)

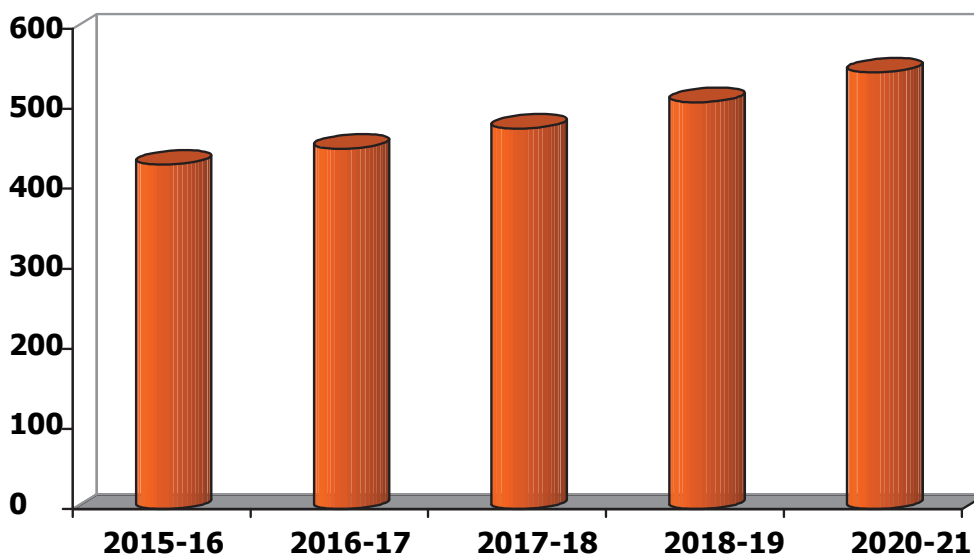


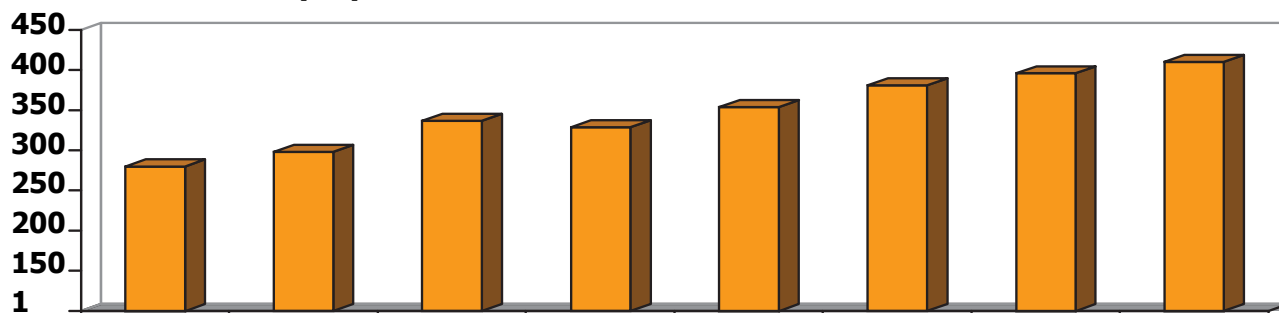
Fig 4.1: Trend of Rising Capacity of Cement in India (million tonne)

**Table 4.2: Cement Production in India**

<b>Years</b>	<b>Production (<i>Million tonnes</i>)</b>
2016-17	280
2017-18	298
2018-19	337
2019-20	329
2020-21	354
2021-22	381
2022-23 ( <i>E</i> )	396
2023-24 ( <i>E</i> )	410

*Source: IBEF Report, Research & Markets data, NCB Data, E-Estimated*

**Cement Production (MT)**





### Fig 4.2: Trend of Production of Cement in India (million tonne)

The production of cement in India is expected to reach 410.21 million tonnes by FY 2024, expanding at a Compound Annual Growth Rate (CAGR) of ~3.83% during the FY 2019-FY 2024 period, owing to rising demand from the government and housing contractors.

### Consumption

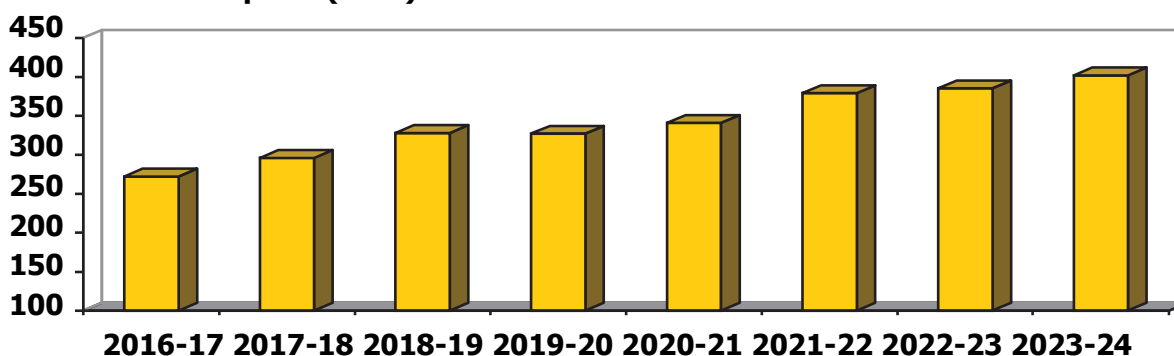
Cement consumption has increased from 269 million tonnes from 2015-16 to 342 million tonnes in 2019-20 (Refer Table 4.3 & Fig 4.3).

**Table 4.3: Cement Consumption in India**

Years	Consumption (million tonnes)
2015-16	269
2016-17	272
2017-18	296
2018-19	328
2019-20	327
2020-21	341
2021-22	379
2022-23 (E)	385
2023-24 (E)	402

Source: IBEF Report, Research & Markets data, NCB Data, E-Estimated

### Cement Consumption (mn.t)



**Fig 4.3: Rising Trend of Cement Consumption in India (million tonne)**

## Consumption:

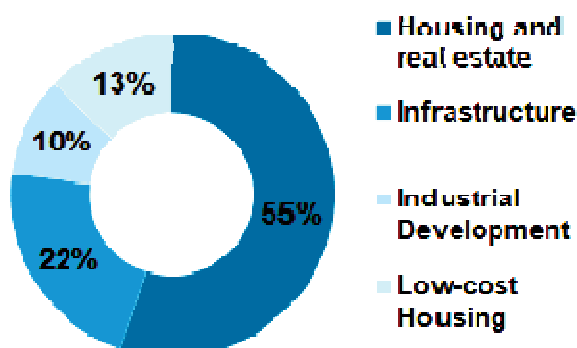
The current capacity utilization of the cement industry is 62% approximately, primarily due to the COVID-19 pandemic which has disrupted all activities, caused untold damage to the economy and taken a huge toll, especially on the lives of the poor and daily-wage earners. It is estimated that overall in this financial year, there can be a cement demand contraction of up to 15-20%. It is expected that such uncertainty in demand will certainly lead to changes in cement prices, accordingly. Some other reasons why the cement industry was unable to unlock its true potential in recent years are:

- Slowdown in real estate construction
- Low industrial investment
- Availability of sand
- Regulatory changes
- Rising input costs

Cement consumption is anticipated to increase during the forecast period owing to the sanction of schemes for improving roads and highways connectivity and housing facility related programs, and growing demand from the commercial real estate sector. The per capita cement consumption in the country is expected to rise from 225 kg in 2018 to 435 kg by 2030.

The situation is expected to resume normalcy after COVID-19 pandemic, GST implementation and demonetization. Cement Demand Projection Model developed specifically for Indian Cement Review Vision 2030 shows that cement demand in India will increase by 116% by 2030 to 660 million tonnes at a CAGR of 6.6%.

In the cement sector, the major end users are Government Institutional buyers (*builders*) and retail buyers. At national level institutional buyers account for around 50% of total demand, Govt. depts. account for around 20% of total demand and retail buyers account for approximately 30% of total demand. In terms of industry segment, housing sector (*Real estate & low –cost housing*) accounts for about 68% of total cement consumption followed by infrastructure 22% and other industries 10% (*Fig 4.6*). This ratio varies from state to state and region to region.



Source: IBEF

## Types of cements produced by the Indian cement industry

Based upon the nature of cement produced and based on its usages, cement is broadly classified in following types:

- Portland Pozzolana Cement (*PPC*)
- Ordinary Portland Cement (*OPC*)
- Portland Slag Cement (*PSC*)
- White Cement
- Portland Blast Furnace Cement (*PBFC*)
- Sulphate Resisting Portland Cement (*SRC*)
- Oil well Cement

Presently and broadly, in India, PPC is most prevalent product constituting about 70% of the total cement usage. OPC has a share of about 25%, PSC and others have a share of about 5%.

### **Kerala** Past and Present Scenario Past Consumption

Cement consumption for the last ten years in Kerala is given in the table below.

**Table 4.5: Past Cement Consumption in Kerala**

Year	Consumption (MT)	Cement growth
FY 07	7.0	7%
FY 08	7.1	2%
FY 09	7.9	11%
FY 10	8.4	7%
FY 11	8.5	1%
FY 12	9.4	11%
FY 13	9.7	3%
FY 14	9.8	1%
FY 15	10.1	3%
FY 16	9.8	-3%
FY 17	10.2	4%
FY 18	10.6	6%
FY 19	11.0	8.7%

*Source: Market reports*

Demand growth in Kerala and Karnataka is expected to stabilize at 6-7% YoY. At 8.7% YoY in FY19, the demand growth rate was one of the strongest for the region over the last 6-7 years. The past cement consumption in Kerala has grown at an average CAGR (*Compounded Annual Growth Rate*) of approximately 3.4% p.a. in the last 10 years. However, the COVID-19 scenario has dented that pattern and it is expected to continue doing so in the near future as well.

### **Present installed capacity**

Kerala, has 3 cement plants (*1 Integrated Unit and 2 Grinding Units*) with accombined capacity of around 0.85 million tonnes per annum. The list of the plants located in Kerala are:

#### **Current Capacity in Kerala**

<b>Plant</b>	<b>Capacity (mtpa)</b>
Malabar Cements, Walayar ( <i>IU</i> )	0.50
Malabar Cements, Alappuzha ( <i>GU</i> )	0.20
Heidelberg Cement, Kottayam ( <i>GU</i> )	0.15
<b>Total Installed Capacity</b>	<b>0.85</b>

*Source: Data bank from NCB & CMA*

There are three bulk terminals in Cochin Port with following capacities.

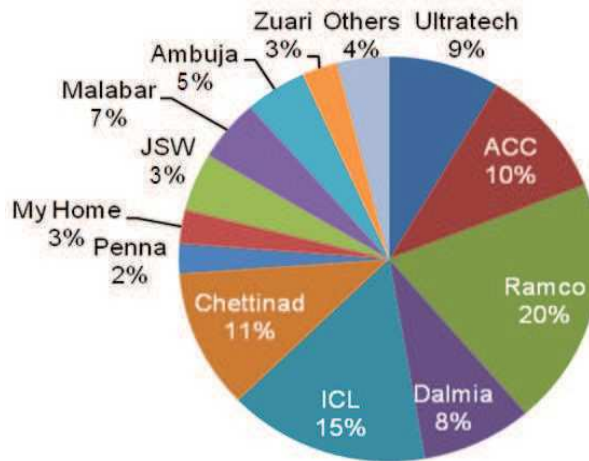
#### **Bulk Cement Terminals at Cochin Port Trust in Kerala**

<b>Plant</b>	<b>Capacity (mtpa)</b>
UltraTech Cements	0.5
Zuari Ital cement ( <i>Heidelberg</i> )	1.0
Ambuja Cements Ltd.	1.0
Penna Cement	0.5
<b>TOTAL INSTALLED CAPACITY of BCTs</b>	<b>3.0</b>

*Source: Data bank from NCB*

### **Market share**

The market share of different players in Kerala is given below:

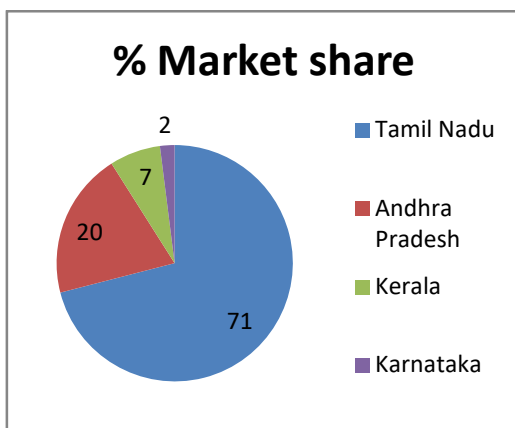


### Market share in Kerala – FY'19

Ramco, India Cements Ltd., Chettinad, ACC, Ultratech and Dalmia are the dominant players in the market, with a combined market share of 73% approximately. Other main players in the market are Malabar, Ambuja, JSW with combined market share of 15%. Balance 12% share is with other players like Zuari, Penna, Nagarjuna, Deccan Cements and Sankar Super Power cement coming from Karnataka, Andhra Pradesh, Telangana, and Tamil Nadu.

### Approximate share of states supplying cement to Kerala

Supplying State	% Market share
Tamil Nadu	71
Andhra Pradesh	20
Kerala	7
Karnataka	2



### Market demand for type of cement

Market demands Portland Pozzolana Cement (*PPC*) which makes up for 75% of the total cement usage approximately followed by Portland Slag Cement (*PSC*) at 15%. OPC is made only on special demand for some Government infrastructure projects.

### Future Scenario Demand

Following models are used to assess the future growth rate of cement demand:

- > Regression with Net State Domestic Product (*NSDP*)
- > Regression with Population
- > Regression with Time

**Based on this above mentioned analysis the future demand growth rate of Kerala is estimated to be around 3.4% (FY'20 – FY'24).**

Estimated future demand is given in the table that follows:

### Future Cement Demand in Kerala (*million tonnes per annum*)

Year	Future Demand
FY'20	11.3
FY'21	11.7
FY'22	12.0
FY'23	12.5
FY'24	12.9

Source: NCB databank

### Demand at Sub-State/ Region level

The future growth rates considered at sub-state level are given in the table that follows:

Year	North Kerala	Central Kerala	South Kerala	Total Kerala
FY'20	2.7	4.7	3.8	11.3
FY'21	2.8	5.0	3.9	11.7
FY'22	2.9	5.2	4.0	12.0
FY'23	3.0	5.2	4.2	12.4
FY'24	3.2	5.2	4.5	12.9

Source: NCB databank

In order to meet the growing demand, the future road map of capacity expansions as drawn by some of the cement companies by setting up plants in Tamil Nadu and Andhra Pradesh is given in the following table.

**Table 4.12: Cement Capacity likely to be come up in nearby States**  
(*Million tonnes per annum*)

S. No.	Name of Cement Plant	Capacity Expansion
<b>Tamil Nadu</b>		
1.	India Cements – Dalavoi	1.85 to 2.55
2.	India Cements – Sankaridurg	2.5
3.	India Cements – Sankaridurg	0.9
4.	Chettinad Cement – Karikalli	1.6 to 2.0
5.	Madras Cement - Ariyalur	2.0 to 4.5
6.	Ultratech – Karur	2.5 to 5.5
7.	TANCEM- Ariyalur	1.1
<b>Andhra Pradesh</b>		
1.	Panyam Cement – Karnool	1.0 to 2.22
2.	Saraswati Power Industries – Guntur ( <i>Greenfield Plant</i> )	7.00
3.	Teja Cements – Kadapa ( <i>Greenfield Plant</i> )	2.5
4.	Vijay Cement – Gudipala ( <i>Greenfield Plant</i> )	3.00
5.	Prism Cement – Kurnool ( <i>Greenfield Plant</i> )	4.8
6.	Ultratech Cements- Guntur ( <i>Greenfield Plant</i> )	5.0

Expected future capacity has been derived considering capacity additions through Greenfield, brown field or up gradation/ debottlenecking projects.

**Expected addition of Cement Capacity in future in Kerala(*million tonnes per annum*)**

Company	Expected Capacity Addition
Penna Cement	1.0
<b>Total Capacity Addition</b>	<b>1.0</b>

### **Demand Supply Gap**

The likely demand supply gap has been calculated based on the estimated future's most likely demand as well as the expected growth of cements capacity in the state. Future supply (includes capacity of BCT's located in Kerala) has been estimated based on the assumption that in the year of commissioning a plant is capable of supplying only 50% of its installed capacity and it starts supplying 100% from the next year onwards. The demand supply gap is given in the table that follows:

**Table 4.14: Demand-Supply Gap in Kerala**

*(Million tonnes per annum)*

<b>Year</b>	<b>Demand</b>	<b>Supply</b>	<b>Deficit</b>
FY'20	11.3	4.4	6.9
FY'21	11.7	4.4	7.3
FY'22	12.0	4.4	7.6
FY'23	12.4	4.4	8.0
FY'24	12.9	4.4	8.5

*Source: NCB databank*

From the above Table, one can easily decipher that there is a constant deficit of cement in the state of Kerala, which is filled, by the cement of neighboring states, primarily Tamil Nadu followed by Andhra Pradesh. This is because Tamil Nadu has an installed capacity of 41.78 mtpa (*as of 2019*), further expected to increase in near future. Since Kerala is in close vicinity (*logistic advantage*), there is a deficit of cement in Kerala (*high demand*) and the Net Sale Realization in the state of Kerala is higher (*higher profit/bag*), the cement manufacturers of TN sell their cement in the state of Kerala.

### **Optimal Market Strategies on the basis of competitive advantage / market attractiveness**

Though the future shows that there is demand of cement in Kerala, yet MCL has to adopt an appropriate strategy for supplying additional cement to the state so that it can compete with the other cement plants presently supplying cement to the state. MCL has to compete with the existing strong players such as Ramco, India Cements Ltd., ACC, Ultratech and Dalmia, Madras Cement Ltd, Chettinad Cement Company Ltd. etc.

Cement is no longer just a commodity. This industry faces increasing competition with more and more players entering in the national stream. Cement companies need to layout a detailed and aggressive marketing strategy to gain space in the consumer's mind and to stabilize a distinct brand.



In the cement sector, the major end users are Government Institutional buyers (*Builders*) and retail buyers. At National level institutional buyers account for around 50% of total demand, Govt. dept. account for around 20% of total demand and retail buyers account for around 30% of total demand. In terms of industry segment, housing sector accounts for around 68% of total cement consumption followed by infrastructure 22% and other industries 10%. This ratio of course varies from state to state and region to region.

MCL's market share shall depend primarily on its Competitive Advantage, which can be measured by comparing its "*Net Sales Realization*" with that of the other competitors.

### Performance of Malabar Cements Limited - last 5 years

Description	2020-21	2019-20	2018-19	2017-18	2016-17
Clean Limestone Production-MT	376355	397842	325293	443727	375802
Clinker Production-MT	337700	272190	311000	370000	259000
<b>Cement Production-MT</b>	<b>491050</b>	<b>425349</b>	<b>474405</b>	<b>467200</b>	<b>441900</b>
<b>Cement Sales-MT</b>	<b>492057</b>	<b>420490</b>	<b>478684</b>	<b>467530</b>	<b>441672</b>

### Financial Performance last 5 years

Description	2020-21 (PROV)	2019-20	2018-19	2017-18	2016-17
Turnover ₹-Lakhs	<b>27664.71</b>	21848.33	23887.98	22597.47	22645.57
PBDT- ₹-Lakhs	<b>1468.08</b>	-1725.50	-1496.98	129.14	697.08
PBT - ₹-Lakhs	<b>703.90</b>	-2516.66	-2257.08	-472.88	86.52
PAT- ₹-Lakhs	<b>462.32</b>	-2455.96	-2188.99	-442.21	77.80

### Capacity Utilization

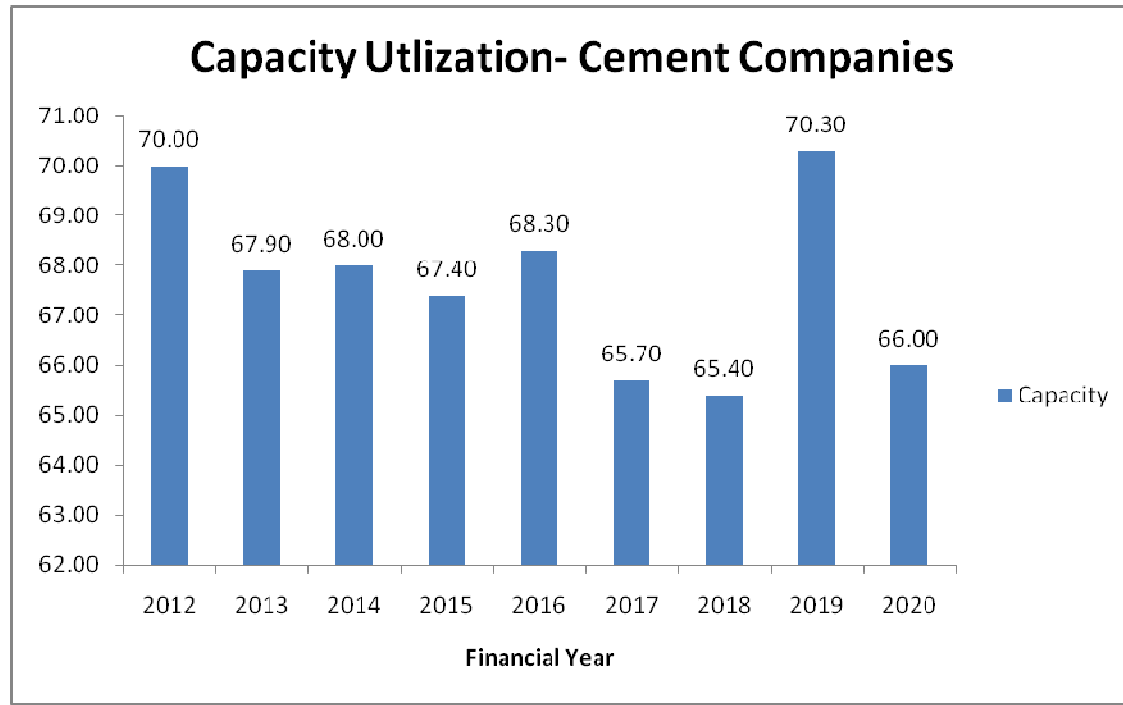
Plant	2020-21	2019-20	2018-19	2017-18
<b>Walayar (%)</b>	<b>62.73</b>	57.27	61.06	61.52
<b>Cherthala (%)</b>	<b>38.48</b>	23.43	35.70	30.60

### Capacity Utilization-Detailed

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
Clean Limestone Production					
Capacity-MT	480000	480000	480000	480000	480000
Actual Production-MT	376355	397842	325293	443727	375802
Capacity Utilization-%	78	82	68	92	78
Clinker Production					
Capacity-MT	420000	420000	420000	420000	420000
Actual Production-MT	337700	272190	311000	370000	259000
Capacity Utilization-%	80	65	74	88	62

Cement Production					
Walayar capacity-MT	660000	660000	660000	660000	660000
Actual Production-MT	414100	378499	403000	406000	375000
Capacity Utilization-%	62.74	57.35	61.06	61.52	56.82
Chertala capacity-mt	200000	200000	200000	200000	200000
Actual Production-MT	76950	46850	71405	61200	66900
Capacity Utilization-%	38.00	23.00	35.70	30.60	33.45
Total Capacity-MT	860000	860000	860000	860000	860000
Actual Production-MT	491050	425349	474405	467200	441900
Capacity Utilization-%	57	49	55	54	51
Cement Sales-MT					
Walayar capacity-MT	660000	660000	660000	660000	660000
Actual Sales-MT	415107.50	373928.61	406723.11	406294.95	375996.7
Capacity Utilization-%	62.90	56.66	61.62	61.56	56.97
Chertala capacity-mt	200000	200000	200000	200000	200000
Actual Sales-MT	76949.5	46561.39	71960.89	61235.05	65675.30
Capacity Utilization-%	38.47	23.28	35.98	30.62	32.84
Total Capacity-MT	860000	860000	860000	860000	860000
Actual Production-MT	492057	420490	478684	467530	441672
Capacity Utilization-%	57	49	55	54	51

**Utilization share of Cement production capacity in India from financial year 2012 to 2020:**



Source: [www.statista.com](http://www.statista.com)

Capacity utilization of domestic manufacturers has been around 52.4% during 11 months of FY21 as units have been operating at sub-par capacities along with staggered shifts, but it has been improving from 45% during first half of FY21, 49.5% during nine months to FY21 and 51.2% during 10 months to FY21

## **SWOT Analysis**

### **Strengths**

- MCL is the only integrated cement manufacturing company in Kerala.
- The company has been manufacturing and selling cement in Kerala for last 35 years.
- MCL brand is well known and accepted in Kerala.
- The company has a wide network of dealers all throughout Kerala.
- The company can deliver factory fresh cement to any corner of the state within 24 hours.

### **Weakness**

- The reserve of limestone at Walayar captive mines is limited.
- All other raw material required for manufacturing cement is bought from outside the state.
- The Plant and Machineries are old requiring high repair & maintenance expenses.
- The Fixed cost of the company is very high as compared to other major cement manufacturers.
- The manufacturing process is highly power intensive. Change in power tariff and petroleum prices has a great impact on the cost of production.
- The company is not market leader in Kerala. The market is dominated by major private sector companies who control the selling price.

### **Opportunities**

- Government has recently announced major infrastructure projects. This is expected to increase the demand for cement.
- The company has taken CPT land on lease for setting up 0.3 million ton Bulk Cement Terminal and Logistics Hub. Once the project commences operation it will increase company's market share.
- A Cement Grinding Unit is also planned in Kannur to increase the market share in north Kerala.

## Threats

- The Limestone reserves of captive mines at Walayar is limited and may have to be substituted by bought out limestone which will increase the cost of production.
- The Mining Lease of the captive mines is valid up to 2023.
- The Environment Clearance of Walayar Mines is pending from 2004. Efforts are made to get the EC at the earliest.
- **The Fixed cost of production of the company is very high as compared to competitors. ( Board has directed that for Operations And Maintenance of CPT Blending Terminal/ Kannur Grinding Unit the existing Manpower should be deployed rather New Recruitment)**
- Selling price is market driven and highly fluctuating affecting the profitability.
- **Pandarathu Mines, Walayar**

Circular dated 28/10/2004 of MOEF states

“All Mining Project of Major Minerals of more than 5Ha Lease area which have so far not obtained Environment Clearance. “

But despite of Lease Validity till 2023, EC was not obtained by MCL.

Pursued with MOEF Expert Appraisal Committee in December 2019 to conduct meeting for issuing Terms of Reference.

EAC conducted meeting on 29.01.2021 and issued the Terms of Reference with following recommendations.

- a) The State Government / SPCB should take action against the Project proponent under the provisions of section 19 of the Environment (Protection) Act 1986 and further no consent to operate to be issued till the Project is granted EC.
- b) To conduct EIA study and preparation of Environment Management Plan(EMP)

### **The following actions have been taken by MCL to Overcome SWOT analysis outcome.**

- a) Mines Exploration has been carried out.
- b) Review and update of Mining Plan 2021-2026 has been approved by Indian Bureau of Mines(IBM) on 03.02.2021
- c) Public Hearing to be conducted when Lockdown lifted in State.

The Present stock of Mines will last for Ten years only even if EC is issued and Lease extended.

Alternate arrangement for Running Walayar Plant is also envisaged by Procuring Limestone from Outside.

## **II. ASSESSMENT**

### **1. Technology**

- Close circuiting of Cement mill which has increased the production capacity from 80 to 110TPH.
- Hot ESP installed for Kiln Cooler in place of multi-cyclones for controlling emission.
- Combined RABH replacing the ESP of raw mill and Kiln for emission control.
- Further up gradation is not recommended since ROI will take long time.

### **2. Marketing**

- The total demand for cement in Kerala is around 10 million ton.
- MCL share is around 6-8%(Ref: Global Cement newsletter)
- MCL mainly produces and sells fly ash based PPC cement. OPC cement and slag based PSC cement are also produced and sold as and when required.
- The Kerala market is dominated by major private sector cement companies of Tamil Nadu and Andhra Pradesh. These companies are market leaders in most of the markets in Kerala and control the selling price.
- MCL sells cement from both Walayar and Cherthala unit.
- Cement is dispatched by road .Last year the entire cement was dispatched by road which is first time achievement of the company since inception. This had helped in bringing down logistics cost by avoiding railway demurrage and clearing charges thereby improving sales realization.
- The company has been using HDPE bags and laminated bags as packing material. Block bottom bag was introduced based on market feedback and is fetching better selling price.
- Continuous efforts are being made to maximize sales in areas nearby the plants to reduce logistics cost and improve sales realization.

### **3. Cost reduction**

In order to reduce production cost and operational expenses the following steps have been taken:

- Increase Dry Fly ash addition in cement production.
- Increasing the use of Linkage coal in place Pet coke by modifying the process.
- Reduce Fuel consumption in material handling operation by rationalizing the use of material handling equipment.
- Reduce Power Cost by purchase of Power from PTC at competitive rates.
- Increase productivity of each process by bringing down plant break-down by continuous preventive maintenance activities.

- Reduce expenses for stores and spares by introducing control measure.
- Reduce selling and distribution expenses by withdrawing various dealer incentive schemes without affecting the sales volume.

#### 4. Environment

- The company has installed RABH replacing the ESP of raw mill and Kiln for emission control and adhering to the stringent pollution control norms.
- A Bag House is also planned to be installed near the Coal mill to further reduce emission.

#### 5. Energy

Cement production processes involves high power and fuel consumption. In order to reduce power cost regular maintenance of machineries are being carried out to retain its operational efficiency.

Power is also being purchased from PTC at competitive rates to minimize power cost.

Steps have been taken to reduce the coal consumption cost by increasing the use of Linkage coal in place of pet coke by modifying Raw Mix.

Use of material handling equipment is being continually monitored to reduce fuel cost.

### **Modification and up-gradation constraint of existing MCL Plants**

The MCL Plant is located in a confined space on lease land from Forest Department. Any modifications & up gradations is constrained due to restriction of cutting trees by Forest Dept.

Modifications & up gradation of plant require months and need of stoppage of Production which MCL can't afford because it will adversely affect the performance of the company.

### **State rainfall mean and variability and trend and its impact on Mines Operation:**

Table 1 shows the mean rainfall (mm) and coefficient of variation of the state for the monsoon months, southwest monsoon season and annual during the period 1989-2018. It can be seen that the state gets highest rainfall in July (32.9% of south west monsoon rainfall) while the June month get 32.6% of the south west monsoon rainfall. August and September receive 21% and 13% of the south west monsoon rainfall,



respectively. It is observed that more than 68.5% of annual rainfall receives during the southwest monsoon season only. The variability of southwest monsoon and annual rainfall is 19% and 14%, respectively.

	June	July	August	September	JJAS	Annual
Mean	637.2	642.7	414.8	260.2	1954.8	<b>2855.6</b>
CV	<b>24.6</b>	<b>31.3</b>	<b>32.2</b>	<b>52.0</b>	<b>19.1</b>	<b>14.0</b>

The above shows the time series of rainfall in mm for the months of June, July, August, September and southwest monsoon season, annual respectively. The trend lines are also displayed for each of the series. Neither monthly rainfall nor seasonal or annual rainfall shows any significant increasing/decreasing trend. In the monthly rainfall, June and July rainfall show decreasing trend while August and September rainfall show increasing trend, and both seasonal and annual rainfall show insignificant decreasing trend. But these trends are not significant. During the last 30 years, highest rainfall of June (1063.6 mm), July (963.6 mm), August (822.4 mm) and September (522.5 mm) are received in 1991, 1997, 2018 and 2007 respectively. Highest southwest rainfall of 2654.8 mm received in 2007 and the highest annual rainfall of 3518.9 mm received in the year 2018. Similarly, the lowest rainfall of June (430.3 mm), July (318.5 mm), August (231 mm) and September (50 mm) are received in 2012, 2002, 2016 and 1991, respectively. The lowest southwest monsoon rainfall (1352.3 mm) and annual rainfall (1870.9 mm) are received in 2016.

The Rainfall is major concern of Company and Mines is located 08 km high from Plant Level. The Limestone transported via buckets from top during rainy season badly affected which MCL can't overcome.

The competitors have capacity of Million Ton Plants with minimized Resources thereby benchmarking their Production Cost.

In PSU reducing the available MANPOWER resources is a constraint and steps are being taken to encourage the VRS which is awaited for Government Approval.

MCL doesn't have huge Capital financial reserve to invest for modification and has to depend upon Government funding. And there are procedures. Policies should be followed in spending; Investment. This delays implementing of New Projects and results in escalated Project Costs.

## **Regulatory issues & challenges in Cement Industry**

### **Excess Cement Capacity:**

There is a mammoth mismatch between cement demand and its supply. Higher government projections for infrastructure development in the country led the industry players to allocate funds for capacity expansion. However, the cement demand, as projected, has not materialized, despite the capacity having been created well in advance after making huge investments.

### **Acute shortage of Coal:**

Coal is one of the major raw materials required in the cement industry. In the last couple of years, there has been a steep drop in the supply of linked coal to the cement industry from 70 per cent in FY04 to almost 39 per cent now, mainly due to diversion of coal to the power sector. Cement companies, therefore, have been forced to open market purchase or imported coal which works out to nearly 2 to 2.5 times higher than the domestic prices. The new capacities are also not being given any coal under the Linkage Scheme and this may actually hamper the required capacity additions for future build up. With the increasing cost of coal and other input materials such as diesel, etc. the production cost of cement has gone up significantly.

### **Cement highly taxed:**

Cement is a highly taxed commodity (60 per cent of the ex- factory price) that excludes freight / transportation. The levies and taxes on cement in India are far higher compared to those in the countries of Asia-Pacific region or even compared to the developing economies like Pakistan and Sri Lanka. Cement and steel are two major materials needed for construction of any infrastructure. However, the Goods & Service Tax (GST) on steel is 18% whereas GST on cement/clinker is 28 %.

## GROWTH - WAY FORWARD.

To increase company's market share from 8% to 15% the following green field projects are planned with Government financial assistance.

- Bulk Cement Terminal and Logistics Hub at CPT Leased Land

Government vide GO(Ms) No 145/14/ID dated 21.10.2014 and GO(Ms)98/2015/ID dated 10.07.2015 had approved the 0.6 million ton per annum Bulk Cement Handling Unit of Malabar Cements Ltd at Cochin Port Trust Lease Land at a total projected Capital Cost of Rs160 crores.

As per the GO the project was to be fully funded by Interest free KVAT loan based on KVAT remittance by MCL during the period 01.10.2014 to 30.09.2018. MCL has remitted KVAT of Rs130.05 crores during the period 01.10.2014 to 30.06.2017 before implementation of GST in July 2017.

Government had released Rs48.67 crores as interest free KVAT loan during the F/Y 2016-17. This KVAT loan along with internal resources was utilized for payment of upfront land lease premium of Rs57.88 crores to Cochin Port Trust for taking possession of the lease land measuring 6.93 Acres (2.8057 Hectares) at Ernakulam Wharf in Wellington Island on 5<sup>th</sup> February 2016 for a period of 30 years.

Till today the land lease agreement has not been registered in MCL's name as it involves payment of stamp duty of around Rs. 6 Crores .Represented to Government for Stamp Duty Waiver.

CPT granted lease with a clause that if the lessee fails to utilize the land within 24 months from the date of allotment, the lessor shall have the right to terminate the lease and repossess the leased premises which expired on 04.02.2018.

Represented to CPT management on December 2019 for granting extension. In reply The extension granted till 04.08.2021 on remittance of additional 50% of lease rent amounting to Rs 1,13,48,445. (Rupees One Crore and Thirteen Thousand and Four Hundred and Forty five inclusive of 18 % GST.)

The company had incurred losses during the financial year period 2017-18 to 2019-20 and did not have investible surplus for the project after meeting the working capital and operational requirement of Walayar and Cherthala Plant. Now it is planned to implement the project in a phased manner. A Revised DPR for setting up 0.3 million Ton Bulk Cement Terminal and Logistics Hub at CPT leased land at Total Capital Cost of Rs166.55 crores. The project implementation period is 33 months.

The DPR has been approved by the Board.

The DPR along with request for financial assistance of Rs 83.27 crores has been submitted to the Government for implementing the project in time bound manner. Reply from the Government is awaited. The Subject Committee IV (Industries & Minerals) has recommended providing the financial assistance to MCL for the above recently.

Meanwhile tender for appointing Project Consultant for the project is under process.

- **Cement Grinding Unit at Kannur**

A 0.3 million ton per annum Cement Grinding unit is planned at Kannur at a Total Project Cost of around Rs114 crores .This unit would meet the demand of north Kerala. A land at KINFRA Textile Park, Kooveri Village, Kannur has been identified for this project.

Clinker will be received through Mangalore Port. Rest of Raw Materials namely Gypsum and Fly ash will be sourced from Existing suppliers of Malabar Cements Limited.

Preparation of DPR for the project is under process. The project is planned to be implemented with Government financial assistance.

## **SHORT TERM GOAL: 1 TO 5 YEARS**

The Turnover and profit for planned for 1 year, 2 year and 5 years is given below:

<b>Particulars</b>	<b>1 year</b>	<b>2 year</b>	<b>5 year</b>
	<b>Rs Lakhs</b>	<b>Rs Lakhs</b>	<b>Rs Lakhs</b>
Turnover	34218.00	35930.00	39350.00
Profit Before Tax	425.00	446.00	488.00

<b>CPT Cochin Trust (Tentative)</b>	
Estimated Start Time	December-2021
Estimated End Time	November-2024

<b>CGU Kannur (Tentative)</b>	
Estimated Start Time	April-2022
Estimated End Time	March-2024

Government support is required for giving direction to various government departments consuming cement to buy at least 10% of their cement requirement from Malabar Cements Ltd at prevailing market rates. This will help the company to increase capacity utilization.

## **VISION BEYOND**

- Commissioning the Bulk Cement Terminal at Cochin Port Trust leased Land and Cement Grinding Unit at Kannur will Increase Company's market share in Kerala from 8% to 15%.

## **SUPPORT REQUIRED FROM GOVERNMENT**

- The possession of CPT leased land measuring 6.93 Acres (2.8057 Hectares) has been taken from Cochin Port Trust on 5<sup>th</sup> February 2016. However the lease agreement is pending because of the huge Stamp Duty involved. Request has been sent to Government to waive the stamp duty. Reply from the Government awaited.

**File: IND/H2/104/2020-IND, COMPUTER NO.1530957**

- The Government had sanctioned MCL's Bulk Cement Handling Unit at Cochin Port Trust leased land vide GO(Ms) No. 145/14/ID dated 21.10.2014 and GO(Ms)98/2015/ID dated 10.07.2015 at a total Capital Cost of Rs160.00 crores.

As per the GO the project was to be fully funded by interest free KVAT Loan with the following conditions:

- a) Interest free KVAT loan will be provided to MCL based on KVAT Remittance by MCL from 1.10.2014 to 30.09.2018.
- b) The KVAT loan will be repaid in five years with 60 equal installments after moratorium period of one year.
- c) Necessary funds are to be tied up by MCL to complete the project within 2 years without cost escalation.

The Government had released Rs48.67 crores as interest free KVAT loan during the F/Y 2016-17 (02.04.16 - Rs12.08 crores, 18.07.16 -Rs15.00 crores & Rs 22.03.17-21.59 crores). This KVAT loan along with internal resources was utilized to close the loan of Rs50 crores availed from Federal Bank to pay the Upfront land lease premium of Rs57.88 crores to Cochin Port Trust for taking possession of the lease land measuring 6.93 Acres (2.8057 Hectares) at Ernakulam Wharf in Wellington Island on 5<sup>th</sup> February 2016 for a period of 30 years.

MCL had provided financial assistance in the form of loan and Equity assistance to various state PSUs' based on Government order in 2010-11, 2011-12 ,2017-18.The outstanding loan & accrued interest due from the PSU's was around Rs29.07 crores as on 31.12.2019 and assistance in the form of equity Rs15.00 crores. The company had requested the government vide letter No MCL/MDo/CPT/KVATLoan Adj/604 dated 20.02.2020 to adjust the above KVAT loan of Rs48.67 crores against the financial assistance provided to PSU's based on government order. Government vide letter No H2/52/2020/IND dated 21.5.2020 had directed to submit a Comprehensive Individual Proposal which was sent vide letter No MCL/MDo/CPT/KVAT Loan Adj/1379 dated 23.5.2020.Further Government vide letter No H2/52/2020/IND dated 18.9.2020 had asked for some more details which was provided vide letter No MCL/MDo/KVAT Loan Adj/PSU Loan T&C/2020/3057 dated 30.9.2020. Reply from government is awaited.

**FILE: IND-H2/52/2020-IND, COMPUTER NO.1462673**

- The Board approved Revised DPR of 0.3 million ton Bulk Cement Terminal at CPT leased land at Capital Cost of Rs166.55 crores along with request for financial assistance of Rs83.27 crores has been sent to government vide letter

No MCL/MDo/CPT Project/1343 dated 31.03.2021. Reply to the same is awaited.

- To provide financial assistance for the proposed Cement Grinding unit to be set up at Kannur at Capital Cost of Rs114 crores.
- The company is in possession of 6.27 acres of land at Panakkad , Malappuram (Survey no 4/1,4/2 R.S n. 44 Panakkad village ) . The land was purchased from Kerala Electricals & Allied Engineering Co on 01.11.2004 based on GO (RT) N 92/2004/ID/27.01.2004 . The book value of the land is Rs 59,36,596.00. The land is neither suitable for setting up Cement Grinding Unit nor for any other purpose because of its location. Government is requested to take over the land and provide Malabar Cements Limited the land cost as per the market price or to allow MCL for selling the land and fund shall be utilized for New Projects.

#### **Opinion of Trade Unions:**

No suggestions received from the unions so far and they requested more time to give their suggestions.

#### **Opinion of Staff & Officers:**

Opinion from SPATO(Officers Association) is tabulated below.

1. Considering the low fly ash supply during monsoon seasons, we may consider one additional fly ash silo for increasing storage capacity.

*Management Opinion: Since Jan 2020, fly ash availability is ascertained and no shortage of fly ash was registered. Hence additional investment of Rs 3 crores for another silo is not required.*

2. During 2019-20 seasons we dispatched cements in bulkers (Bulk sales). As we have facility at CGU, may re-consider the options.

*Management Opinion: Walayar plant also has the Bulker facility*

3. Presently we are working on DPR of Kannur project. The Govt. has agreed to a lot land at Nadukani which is very far from Rail way lines and water lines. If Govt. can allot land near to Azheekal port the project will be more viable. The port is very near to Valapattanam goods shed also.

*Management Opinion: DPR from consultant yet to come. Will be decided after the outcome.*

4. As we are planning to procure more raw materials, for which the transportation will be through rail, we may consider the option of wagon tippers.

*Management Opinion: Railway stacking side has rocks. It requires to excavate a depth of 20M. Already feasibility has been conducted. ROI is longer period. Hence this was not considered.*

5. MCL had given loans to PSUs like KSRTC and TCL. We may consider following options to recover at least interests.
  - a. Advertisement holdings at major KSRTC bus terminals.
  - b. TCL has land at Vyttila. We may approach Govt. to acquire (or lease) the land, so that we may use the land for other commercial purposes.
6. For reducing costs we may consider CNG/Electrical technologies, while purchasing new vehicles. Also we may explore the opportunity to use CNG instead of coal as the Kiln fuel.
7. Many state PSUs are considering alternative options to increase profit and overcome losses. We may consider additional products like Ready Mix, PCC poles, Mineral Water, Sand, Prefabricated Building materials and railway sleepers etc. are opportunity for MCL. Market studies have to be conducted by external agencies for launching the same. Many private agencies are fabricating 'Inter locking tiles' in collaboration with major cement manufactures. We may consider outsourcing the work. A small unit may be started inside the premise and quality has to be assured by our QC department. The external sales shall be through MCL only.
8. The company is possession of 6.27 acres of land at Panakkad, Malappuram. The land was purchased from Kerala Electricals & Allied Engineering Co in 2004 based Government Order. The land is neither suitable for setting up Cement Grinding Unit nor for any other purpose because of its location. We may either request Government to take over the land and provide Malabar Cements Limited the land cost as per the market price or to allow selling the land to utilize it for new projects. Another option is to explore the opportunity of setting up a Godown for cement sales.
9. We may explore the opportunity to release composite cement in another brand name. Marketing studies are requires for the same.



*Management Opinion (For Sl No 5-9): Remaining options are vague as no study has been carried out by staff and officers. Management presented their view in the Master plan.*

**Conclusion:**

This Master plan has identified the strategic objectives for the Malabar Cements Limited that will contribute towards the further growth and prosperity of the Kerala State and which in turn will contribute to the social and economic prosperity of the State.