



## MASTER PLAN FOR 2021-25



### The Travancore Cements Limited

(A Govt. of Kerala undertaking)

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## **Preface**

The Government of Kerala has always given priority to the Public Sector Undertakings under Industries Department and many of the units are performing very well under the guidance of Government. But after the globalization policy kicked off, many of the PSU's have come under severe pressure by the influence of global players. The Government of Kerala has always supported the PSU's in these hard times and periodically monitoring their performance through RIAB.

After this Government came in to power, The Hon'ble Minister for Industries has come up with many plans for the rejuvenation of PSU's comes under Industries Department. Preparation of master plan is one important and powerful move among them it will give a clear picture of the present situation and their ideas for rejuvenation of their institution to perform well further.

The concept of the Master Plan for every PSU is first of its own and will lead the road map to take each PSU in the direction of self-reliance and prosperity. The Travancore Cements Limited (TCL), which has been in negative growth since the year 2000, is looking forward with all hopes to turn the wheel to profit. TCL has proposed Short term, Mid-term and Long term proposals/ projects with the assistance of GoK.

The master plan formulated by TCL is a result of continuous refinement of all the data by a group of experts in the field of the chemical sector. Their valuable experience has been reflected strongly in the finalization of this report, for which TCL is obliged to them.

TCL acknowledge the continuous support and valuable guidance extended by The Hon'ble Minister for Industries, Principal Secretary -1, Principal Secretary -2 (Ind), Chairman (RIAB), Secretary (RIAB), Sectoral Convenor cum Managing Director (TCC), Management Experts (Former Executive Directors of BPCL), Financial Expert & Managing Director (Kerala state Minorities Development Finance Corporation Ltd), Officers & Trade Union Leaders (TCL) etc. throughout the period of preparation of the Master Plan.

Managing Director  
Travancore Cements Ltd.

## **EXECUTIVE SUMMARY**

Travancore Cements Ltd (TCL) commenced operation in 1949 for producing Grey Cement. During the growth period itself i.e. in 1959, TCL ventured into White Cement manufacturing, even when not much was heard of the product at that time.

Switching over exclusively to White Cement production in 1974 with the aim of taking advantage of its market potential, TCL was in domination in the field until the influx of big industrial groups armed with sophisticated technology and modern machinery. TCL was the one and only Company in the world which enjoyed and own the privilege to produce unmatched quality White Cement from the mineral Lime Shell.

Till the year 2000 there had surplus quantity of lime shell in the lake and gradually the availability reduced. Accordingly, the production cost of manufacturing white cement was also started increasing and gradually the company stepped into loss. In the year 2014, TCL discontinued extraction of Lime shell from Vembanad lake on direction from Honb'le High Court of Kerala as the lake comes under Coastal Regulation Zone, mechanized dredging is a prohibited activity there as per notification of Government of India. This resulted in partial closure of the plant starting from lime shell dredging operation till clinkerisation using wet kiln. Hereafter, TCL started white cement production with clinker imported from UAE, Egypt etc. In addition to white cement production TCL started wall putty production in the year 2016.

The Installed capacity of the plant for white cement is 30000MT and present break even quantity is estimated as 15000MT per annum. The present Production and Sale is only 25%

of installed capacity and 50% of the breakeven quantity. The total accumulated loss of the company is about Rs. 98 Crore. Presently, the company is surviving only because of the financial support of Government from time to time.

To overcome the present situation, TCL is planning diversification activities. As part of the same, TCL is planning to produce grey cement also in the same plant by utilizing idling mills and to set up pole casting unit in TCL premises for manufacturing and supply of 1 lakh electric poles to KSEB. Government of Kerala has accorded Administrative Sanction for the above two projects. TCL will become a profit-making unit on successful implementation of these projects.

As instructed by RIAB/ Government of Kerala, TCL prepared a ten year prospective Master Plan with detailed financial projections upto five years which visualizes efforts planned by TCL to make it a profitable unit after three years.

As per Master plan, it is proposed to set up grey cement grinding unit utilizing the existing idling mills and pole casting unit for manufacturing and supply of electric poles to KSEB. It is also planned to increase production and sale of white cement from 8000MT – 12000 MT (ie., 4000MT additionally) and wall putty from 2000MT to 5000MT (ie.,3000MT additionally) per annum. Thus, the master plan envisages the growth of TCL with overall turnover of Rs. 147 Crore with a PBDT of Rs. 7.3 Crore in 5 years.

This Summary of the Master Plan in PPT form is included below.



# **THE TRAVANCORE CEMENTS LIMITED**

*(A Government of Kerala Undertaking)*

## ***MASTER PLAN - 10 years***





## INTRODUCTION

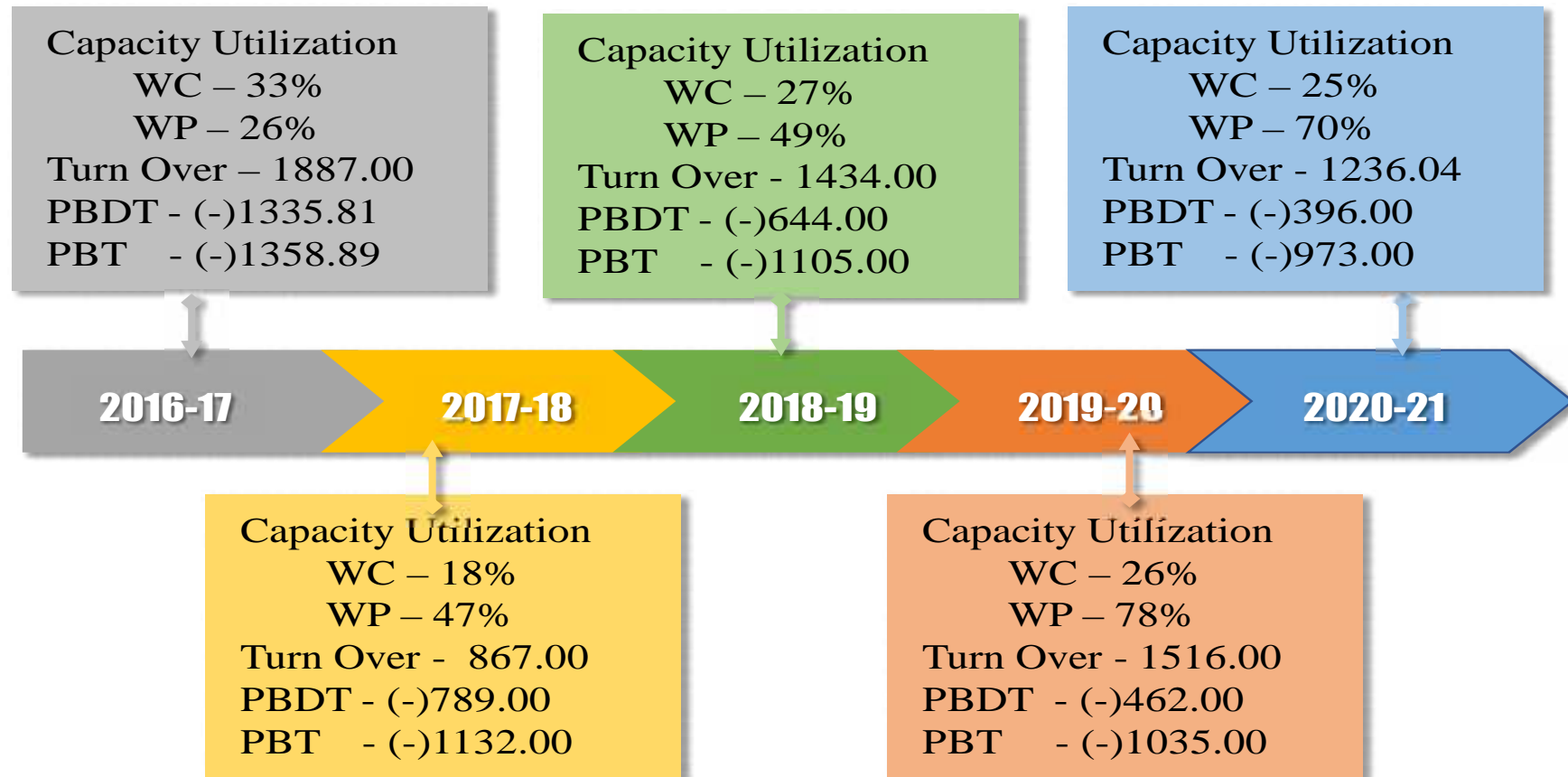
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- Year 1946 - Incorporated under the Travancore Companies Act.
  - Year 1989 - Became PSU under Industries Department.
  - Year 2000 - Started running on loss and it is continuing.
  - Year 2014 - Discontinued lime shell dredging as Vembanad Lake comes under CRZ and started white cement production with imported clinker.
  - Production and sale is 25% of installed capacity and 50% of the breakeven quantity & accumulated loss of the company is about Rs. 98 Crore.
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## CAPACITY UTILIZATION, TURN OVER & PROFIT FOR LAST 5 YRS

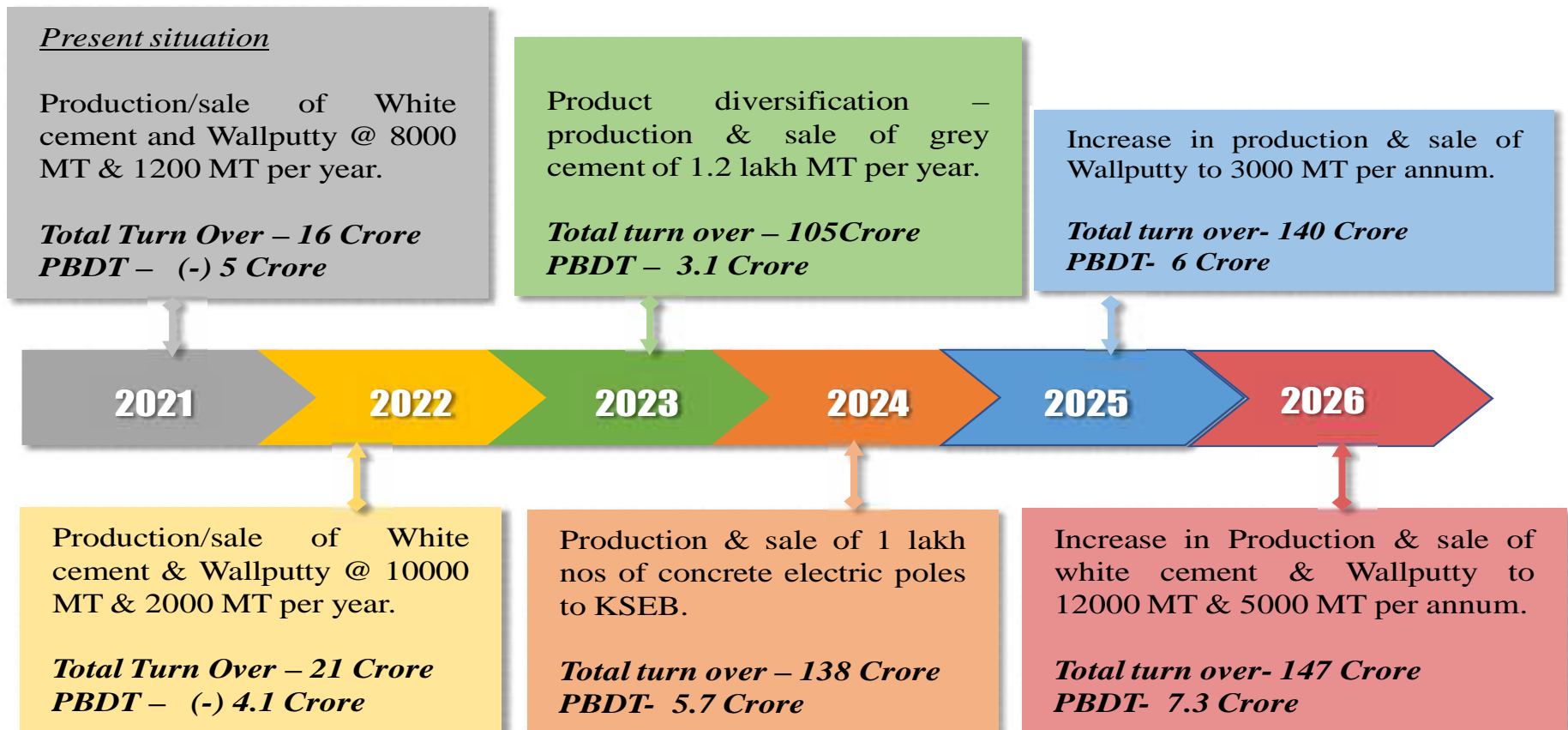
*Rs. in lakhs*







## MASTER PLAN FOR TCL- in brief





## **CHALLENGES**

- (i) Lack of sufficient working capital.
- (ii) Higher selling price of white cement compared to competitors.
- (iii) Stiff competition in the market.
- (iv) Outdated machinery.
- (v) Consistent availability of clinker
- (vi) Statutory liabilities of approx. Rs.18 Crore  
(PF, Gratuity, GST, KSEB etc.)



## *How to address the challenges*

- (i) Increase the turnover by way of product diversification.
- (ii) Maximum capacity utilization and increase production. Increase sales volume by lowering the price of white cement to achieve breakeven sales.
- (iii) Penetrate into the districts of Kerala having no representation.(Kasaragod , Wayanad, Kannur, & Thiruvananthapuram). Advertisement of the products. Appointment of competent Marketing Personnel.
- (iv) Technology upgradation (data logger) for cement mill, automated machine for packing white cement, modernization of wall putty unit . This will lead to manpower reduction, better quality products , and better packing system
- (v) Purchase and stock clinker required for minimum 3 months
- (vi) Clearing the statutory dues and other liabilities utilizing the balance fund to be received from KINFRA.



## **Diversification activities planned in TCL to overcome the present financial crisis.**

### **Grey cement production in addition to existing products**

- Idling one cement mill and other infrastructures can be utilized to produce 1.2lakh MT of grey cement per annum.
- This requires some modifications in the plant with an investment of Rs.10 Crore.
- AS accorded by Government and released Rs. 4 Crore.
- Started tendering process.
- Profit expected is Rs. 7.2 Crore per annum.

### **Setting up of pole casting unit**

- KSEB is purchasing electric concrete poles amounting to Rs. 125 Crore per annum.
- TCL have vacant land having sufficient water facility to set up pole casting unit.
- Minimum 1 lakh poles per annum can be manufactured and supplied to KSEB.
- Investment requirement is Rs. 6 Crore and Government accorded Administrative Sanction for the same.
- Profit expected per annum is Rs. 2.6 Crore.



# Projects planned for next 10 years

## **SHORT TERM PLANS**

### **❖ *400 TPD grey cement grinding unit***

- Capital investment Rs. 10 Crore
- Expected additional turnover Rs. 84 Crore
- Expected Profit Rs. 7.2 Crore

## **MID TERM PLANS**

### **❖ *Wallputty unit modernization, Data logger system in clinker grinding mill (A Mill), Installation of Automatic packing machines for various packings .***

- Capital investment Rs. 300 lakh
- Funding from GoK on submission of Detailed Project Report

### **❖ *Pole casting unit***

- Capital investment Rs. 6 Crore
- Expected additional turnover Rs. 33 Crore
- Expected Profit Rs. 2.6 Crore



## Projects planned for next 10 years

### LONG TERM PLANS

- ❖ Precast concrete slabs
- ❖ Project for plastic emulsion/distemper paints/ water proofing products
- ❖ Capacity expansion of grey cement grinding unit utilizing the other 2 idling mills

*The funding for the above projects will be met from the profit/ cash-in- flow generated during next five years from the activities planned and deficit amount, if any, with financial support of GoK.*

*Targeting to increase the turnover to Rs. 270 Crore after 10 years on implementation of the long terms plan proposals*

*Detailed project report for the above projects will be prepared and submitted to Government .*



## **Expectation from Government for the next five years**

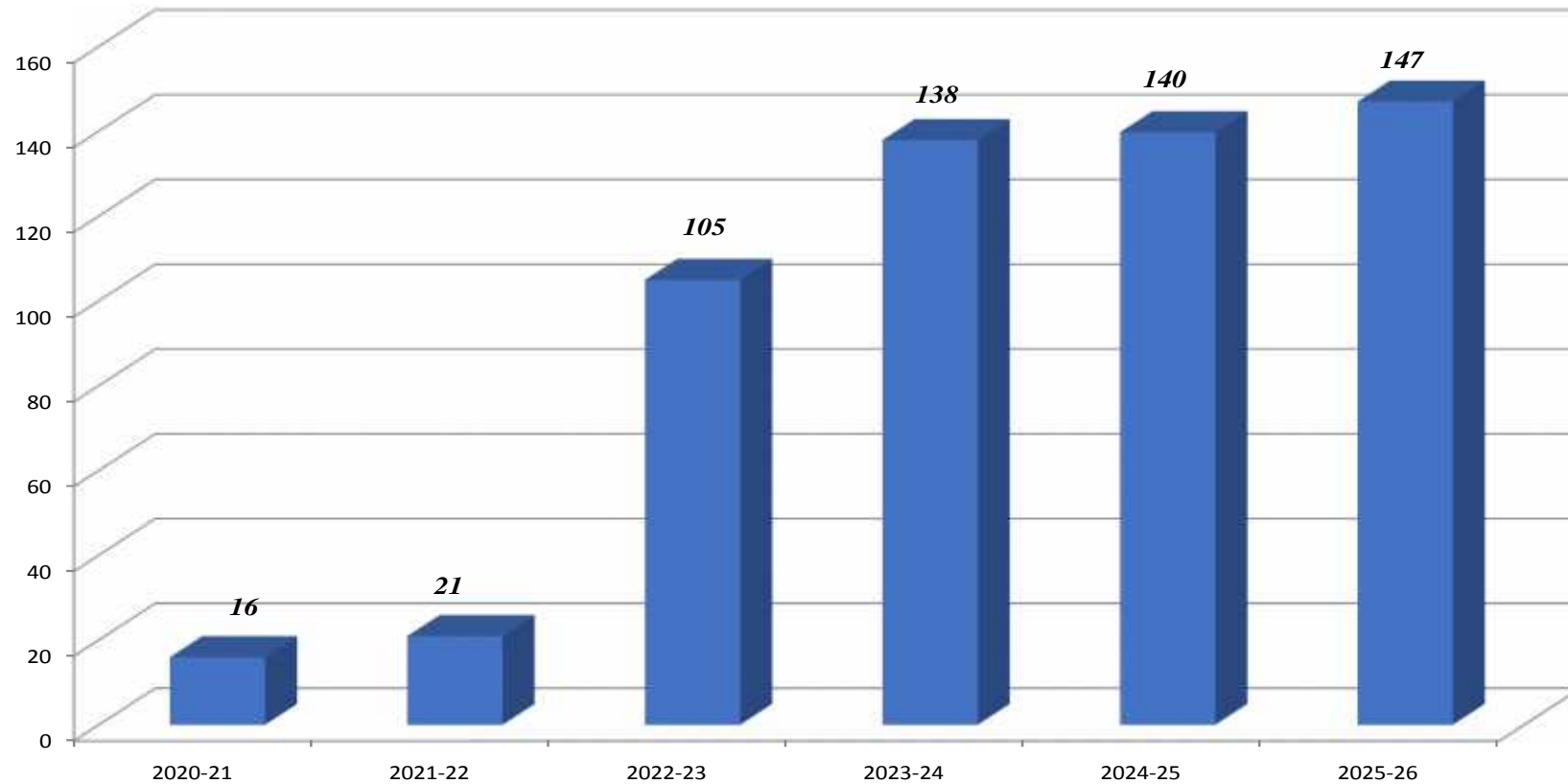
### **Expectation from Government for the next five years**

- Conversion of Government loan of Rs. 48.71 Crore to equity
- Working capital support from Government for the next 3 years.
- Financial support of Rs. 300 lakh for the proposed technology upgradation / modernization of the plant.
- One time settlement for clearing statutory dues viz. PF, Gratuity, GST, Electricity etc amounting to a total of Rs. 18 Crores with Financial Support of GoK.



## Expected turnover for the next five years

*Rs. in Crore*

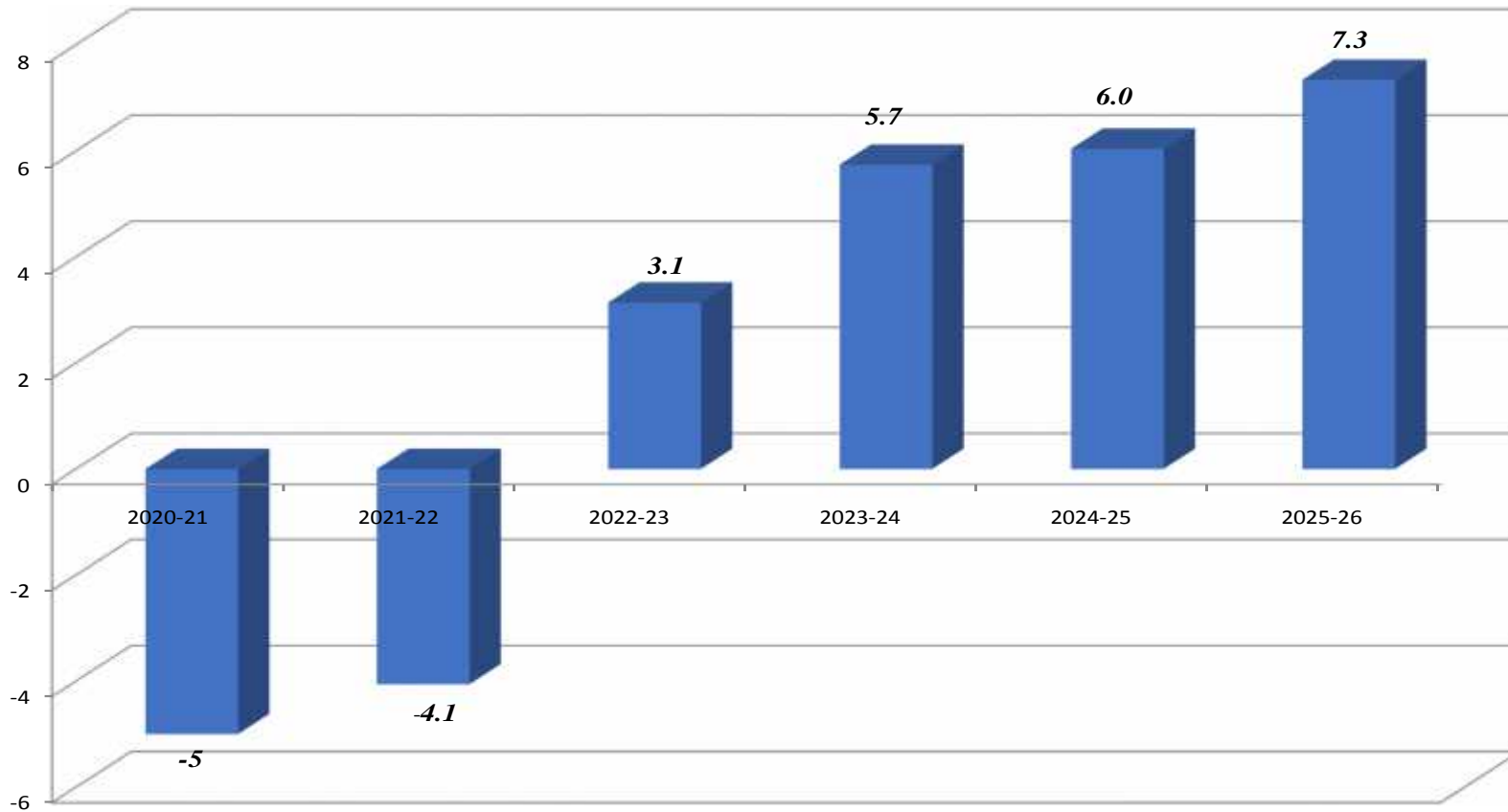






## Expected PBDT for the next five years

*Rs. in Crore*





### **Strengths**

- ❖ More than 70 years of experience in Cement manufacturing.
- ❖ Location of the plant – both road and water ways.
- Brand Name ‘VEMBANAD’ is the biggest strength of the company.
- The company has a distribution network for white cement market which can be used for grey cement sale also

### **Weakness**

- ❖ Outdated machinery.
- ❖ Lack of qualified marketing personnel.
- ❖ Difficulty in getting working capital from Financial Institutions.

## **SWOT Analysis**

### **Opportunity**

- ❖ The plant capacity is enough to produce white cement to satisfy the demand in the market to any extend.
- ❖ There is good scope for product diversifications by utilizing existing infrastructure by way of modernization/ machinery addition.

### **Treats**

- ❖ Consistent availability of imported clinker.
- ❖ Dolomite (raw material for wall putty production) is not getting continuously from South India.



THANK YOU

## **INTRODUCTION**



The Travancore Cements Limited, a Public Sector Unit, is the manufacturer of the prestigious Vembanad White Cement. The proven purity of the basic raw material lime shell and the expertise as well as technical competency we possess almost for the past seven decades have taken the Vembanad Brand to a world renowned status. Excavation of the natural and fossilized lime shell from the Vemband lake bottom was done in absolutely eco-friendly manner. In addition, our production process never involved utilization of any chemicals and no hazardous wastes are generated at any phase of the production cycle.

## **COMPANY PROFILE**

The Travancore Cements Limited an organization with a glowing chapter in the annals of erstwhile Travancore State is the brain child of its versatile Diwan late Sir C.P. Ramaswamy Iyer. Outsmarting many of his contemporary counterparts in near and far away princely states, Sir CP did possess the

nerves of steel to think and plan decisively to transform Travancore into a self-sufficient State. For this the Diwan gave special attention to nurture and bring up industrial units specific to power generation (Pallivasal Hydro-Electric project), fertilizer (FACT), chemicals (TCC, TTP etc.), and of course The Travancore Cements Limited for catering to the needs of construction sector.

Having incorporated in 1946, the company initially concentrated in Grey Cement sector and commenced production in 1949. During the growth period itself i.e. in 1959, TCL ventured into White Cement manufacturing, even when not much was heard of the product at that time. The extensive ground works undertaken by the proponents of Cement production in the state is quite evident from the fact Lime shell which was till that day lying unexplored and embedded under the bottom of Vembanad lake got identified as the basic raw material. The manufacturing process of TCL has been carried out with the unique wet process technology of FL Smidth & Co. Denmark one of the pioneers in the field of Cement Technology.

The Vembanad lake is barely half an hour plying distance by boat from the factory and the dredged out lime shell was brought using barges. From just a few minutes walking distance from the M.C Road, the factory compound is now being brought to more proximity with the road traffic conveyance through the construction of M.C Road-Thiruvathukkal bye-pass. If the potential of rail transportation is to be exploited in future, Kottayam Railway station is at a distance of 6-7 kilometers and Kottayam-Trivandrum rail link is at a crow flying distance of 3-4 kilometers only from the factory site.

Switching over exclusively to White Cement production in 1974 with the aim of taking advantage of its market potential, TCL was in domination in the field until the influx of big industrial groups armed with sophisticated technology and modern machinery. As part of diversification TCL started producing Super Shelcem Cement Paint in late seventies and it grabbed the lion's share of Kerala's Cement Paint

market. But switching over of its consumers to other colour coatings for walls has dwindled the product sales and now the company has launched Wall Putty in the brand name “Vembanad” and the same is accepted by the market.

We have created a unique space for our product even in the midst of current highly competitive market. We are sensitive to the customer demand and that is the main reason why we are catering with Vembanad White Cement in 1 Kg, 5 Kg and 25 Kg packets for the household use even as building construction sector is supplied with 50 Kg bags.

Sensing the market pulse, with the continuous effort of our R&D wing we have launched Vembanad Wall Putty which, within a limited time span has attained the quality level at par with that of the market leaders.

TCL became an ISO 9000 : 2000 Certified Company during the year 2000. The Quality Management System now being followed in TCL is ISO 9001:2015

### **OUR QUALITY POLICY**

We, at Travancore Cements are committed to continual improvement of the system, enhancing customer satisfaction, by providing consistent quality products through the implementation of Quality Management System at all levels in the organization.

The responsibility to ensure proper functioning and maintaining of the Quality Standards under the Quality Management System rests with the Management Representative appointed for this purpose. The authorities and responsibilities of the personnel who are coming under the system in various level, designations and the duties they are expected to perform are clearly defined as per the ISO Quality

Manual & Procedure Manual. The departments brought under the purview of Procedure Manual are production of White Cement & Wall Putty, Mechanical & Electrical Maintenance, Materials Management, Quality Control, House Keeping, Training wing of Personnel Section, Marketing, Sales Section, Out sourced production of Wall Putty. The Internal Audit wing constituted under this Quality Management System with Certified Internal Auditors within the organization is entrusted with the task of auditing continuously as scheduled and they conduct periodical audit of the system to maintain the system without non-conformities. This ensures to keep the system scrupulously before the External Audit conducted by the ISO periodically. The Company's decision to implement ISO Quality Management System has helped to streamline all the procedures very systematically. TCI's non-compromise in quality re-assures the credibility of its products in the market amidst stiff competition from other market giants.

Our technical wing is always live to the feed backs from the market to address customer needs to their satisfaction and that too within the shortest possible response time. We assure to continue intermittent interaction with our market stakeholders through stockists meet, dealers meet and painters meet. In addition we are keen to keep the stockists and dealers in good humour by offering attractive sales discounts from time to time.

TCL has been transforming the precious gift of nature, the lime shell, its chief raw material, to the world renowned product called 'VEMBANAD BRAND' White Cement. TCL is the one and only Company in the world which enjoys and own the privilege to produce unmatched quality White Cement from the nature's precious mineral Lime Shell. However the Company is committed to preserve nature also. Though the Company had permission to extract this underwater mineral, only controlled production of raw-material has been resorted to preserve the ecology of the VEMBANAD

LAKE (The largest brackish, humid tropical wetland ecosystem on the southwest coast of India, fed by 10 rivers and typical of large estuarine systems on the western coast, renowned for its clams and supporting the third largest waterfowl population in India during the winter months. Over 90 species of resident birds and 50 species of migratory birds are found in the Kol area. Flood protection for thickly-populated coastal areas of three districts of Kerala is considered a major benefit, groundwater recharge helps to supply well water for the region, and the value of the system for the local transport of people and trade is considerable.) which has been declared as Ramsar site No. 1214 by Ramsar Convention (an international treaty for the conservation and sustainable utilization of wetlands, recognizing the fundamental ecological functions of wetlands and their economic, cultural, scientific, and recreational value). Company never compromise on quality as well as its commitment of preserving ecology of this typical of large estuarine systems on the western coast.

To keep this point in mind Company has decided to limit its sole dependence on its raw-material with alternate means by importing White Clinker without any compromise on quality from abroad to meet the customer needs as well as to preserve the employment potential of the State of Kerala. In the Year 2014 as per direction of Hon'ble High Court of Kerala, TCL completely discontinued lime shell dredging as Vembanad lake comes under Costal Regulatory Zone (CRZ) where mechanized dredging is a prohibited activity and started importing white clinker from Middle East without compromise on quality for feeding the market.



## **PRESENT PRODUCTS**

*‘Vembanad’ brand White Cement & ‘Vembanad’ brand Wall putty are the products manufactured by the company used for applying in wall mounted surfaces of houses, flats, high rise buildings and other construction fields.*

### **Vembanad White Cement**



*The Vembanad White cement is marketed in 50kg, 25 kg, 5kg and 1kg bags*

#### **Outstanding Qualities of Vembanad Brand White Cement:**

- Lowest magnesia content and hence Vembanad is the most durable White Cement.
- Brilliant whiteness.

#### **High strength:**

- At the end of the first day, the strength exceeds what is specified to acquire at the end of the third day as per BIS specifications.
- Super soundness.
- Super fineness
- Excellent properties.
- Ideal for manufacture of Cement Paints, Mosaic tile. Cement Primer, Cement based putty.

## Vembanad Wall Putty



*The Vembanad Wall putty is marketed in 40kg, 20 kg, 5kg and 1kg bags*

### **Area of Application**

1. All type of plasters and concrete wall
2. Ceilings
3. Aerated light- weight blocks

### **Benefits**

- Ready-to-use
- Easy applicability & self curing
- Excellent efflorescence resistance
- Smoothen the wall with excellent finish
- Decrease paint consumption.
- Enhance bindings of the paint with the wall
- Excellent resistance to water
- Good adhesion and tensile strength
- Highly durable & suitable for all types of paints

## **EXISTING PLANT CAPACITY**

**Rotary kiln** :-Old wet process kiln having a capacity to produce 120 MT of clinker per day. (*idling now*)

**Raw mill & Ball mill** :- These mills are having a capacity to produce 160 MT of slurry per day for clinker production. (*idling now*)

**Clinker grinding mills** :- 3 nos. These mills altogether is having a capacity to grind clinker and gypsum to produce 160MT of white cement per day. (*only one mill is utilizing for meeting the present white cement market demand*)

**White cement packing plant** :- The packing plant is having a capacity to pack 200MT of white cement in a day.

*In general, the plant is having capacity to produce 30000MT of white cement per annum and the present capacity utilization is about 25%.*

The table below shows the details of products, capacity utilization and financials for the last 5 years

Year	% Capacity utilization		Turnover (Rs. lakh)	PBDT (Rs. lakh)	PBT (Rs. lakh)	PAT (Rs. lakh)
	White cement	Wall putty				
2020-21	25%	70%	1236.04	(-)396.00	(-)973.00	(-)973.00
2019-20	26%	78%	1516.00	(-)462.00	(-)1035.00	(-)1035.00
2018-19	27%	49%	1434.00	(-)644.00	(-)1105.00	(-)1105.00
2017-18	18%	47%	867.00	(-)789.00	(-)1132.00	(-)1132.00
2016-17	33%	26%	1887.00	(-)1335.81	(-)1358.89	(-)1358.89

*TCL is now working much lower than the operating capacity for White cement production due to stiff competition in the market.*

## **FUNCTIONAL DEPARTMENTS OF TCL**

- Mechanical Maintenance (workshop)
- Electrical maintenance (Electrical Department)
- Stores Department
- Laboratory Department
- Material Handling Department
- Other Departments (Office & administration, Medical Aid, Production & Statistics Department, Projects, Civil, General Transport, Plant & Engineering etc.)

## **RESOURCE AUDIT OF THE COMPANY & RECOMMENDATIONS**

(i) **2.79 acres of land at Kakkanad**

TCL has a liability of Rs. 18 Crore (approx.) which includes PF, Gratuity, electricity, GST, vendor payment etc. The matter was discussed by the Board of Directors of the company and in Government level and it was decided to dispose off 2.79 acres land owned by TCL at Kakkanad for meeting the above-mentioned liabilities. Accordingly, Government of Kerala has granted permission to sell the land to KINFRA for a total amount of Rs. 25 Crore of which Rs. 5 Crore has been received as advance and TCL is in the process of transfer of the land to KINFRA.

(ii) **2 acres at Chembu, Vaikom**

The land is slushy in nature which was purchased to extract the limes hell deposit there. The said land is not suitable for any commercial activities.

(iii) **53 acres Government lease hold land at Nattakom**

The Registered office, factory, township etc are located in this area. 10 acres of vacant land is available here. TCL propose to utilized this vacant land to carry out diversification activities viz. Grey cement production and setting up the pole casting yard.

(iv) **Human Resource & employment generation**

Total approved manpower strength of the company is 633 nos. whereas at present it is about 196 nos. which includes 7 officers. The present strength is enough to meet the activities now being carried out and proposed activities detailed in the report for diversification activities. There had 32 officers of various categories for managing different activities of the company which now reduced to 7 nos. Out of this, 2 officers will retire from the company on superannuation within a period of 4 years.

The key positions at least need to be filled up within 3 years as TCL is planning to complete the proposed diversification activities detailed in this report.

Assistant Manager (Degree in Mechanical Engineering)	-	3 nos
Assistant Manager (Degree in Electrical Engineering)	-	1 no
Assistant Manager (Degree in Instrumentation Engineering)	-	1 no
Assistant Manager (HR Department)	-	1 no
Assistant Manager (Marketing)	-	1 no
Assistant Manager (Quality Control)	-	1 no
<b>TOTAL</b>	-	<b>8 NOS</b>

Similarly, the current strength of non-managerial employees is 189 nos which is sufficient for carrying out the present activities. This strength will come down to 130 nos within a period of 3 years. So, this shortage of about 60 nos of non-managerial manpower is to be filled up within a period of 3 years.

## **FACTORS AFFECTING GROWTH OF TCL**

The production cost of white cement now manufacturing with imported clinker is on the lower side compared to earlier, as clinker confirming our quality parameters is getting at a lower price. Only grinding of clinker with gypsum is involved for manufacturing white cement now.

The main factors affecting TCL includes

- Stiff competition in the market.
- Unable to achieve the breakeven sales which result in immediate drain out of working capital leading the company to heavy loss.
- No qualified marketing personnel.
- Production and sale of white cement has come down to 25% of the total installed capacity.
- No Financial Institution is providing working capital support to as present accumulated loss is about Rs.98 Crore.

TCL has achieved production and sale of 40000MT of white cement in the early 2000 when it was enjoying monopoly in the market. This situation changed later on entry of other major competitors like JK, Birla, RAK, RKC etc and other local brands. All these companies have set their plant using modern technology (dry process) having low production cost so that they can market their product at a lower and competitive price. Being private players in they offer attractive discount and foreign tour, incentives etc to the stockist, dealers etc. TCL is manufacturing white cement with clinker purchased from such private companies so that the white cement manufactured cannot be marketed at a competitive price. However, TCL is putting all efforts to exploit the market to increase the sales volume by reinforcing marketing team.

## **SWOT ANALYSIS**

### **a) Strengths**

- More than 70 years of experience in Cement manufacturing.
- Location of the plant – both road and water ways.
- Brand Name ‘VEMBANAD’ is the biggest strength of the company.
- The company has a distribution network for white cement market which can be used for grey cement sale also.

### **b) Weakness**

- Outdated machinery.
- Lack of qualified marketing personnel.
- Difficulty in getting working capital from Financial Institutions.

### **c) Opportunity**

- The plant capacity is enough to produce white cement to satisfy the demand in the market to any extend.
- There is good scope for product diversifications by utilizing existing infrastructure by way of modernization/machinery addition.

### **d) Treats**

- Consistent availability of imported clinker.
- Dolomite (raw material for wall putty production) is not getting continuously from South India.

### **e) Challenges:**

- Lack of working capital.
- Accumulated loss of Rs. 98 Crore.
- Higher selling price of white cement.
- Stiff competition in the market.
- Retirement of Qualified and Experienced manpower in the next 5 years.



## **MARKET ANALYSIS**

### **White Cement**

TCL was enjoying its monopoly in white cement market till 90's as there was no white cement plants in Kerala or South India. Hereafter, other white cement manufactures like JK, Birla started setting up their plant in Rajasthan and they started production with most modern technology and equipments at a lower production cost. This affected the sale of Vembanad White cement in the market very badly resulting reduced sales volume. Market share of TCL in Kerala is given below.

Year	2000	-	40000MT per annum
	2010	-	26000MT per annum
	2016	-	16000MT per annum
	<b>2021</b>	-	<b>8000MT per annum (average 650 MT per month)</b>

### ***Market share of other brands***

➤	Birla White	-	1600MT per month
➤	JK	-	1200MT per month
➤	RAK	-	500MT per month
➤	Ultra white	-	600MT per month
➤	Others	-	100MT per month

TCL is selling its white cement @ Rs. 1100/- per 50 Kg bag inclusive of GST whereas the competitors are selling @ Rs. 850/- per 50 Kg bag. This increased price is also a reason for reduced market share of TCL

TCL propose to increase the present sales volume of 8000MT per annum to 12000MT per annum gradually by increasing the stockist / dealer margin, introducing painter coupon etc. This is possible only when the company is turned into profit which is possible only after a period of 3 years on implementation of the proposed diversification activities.

### **Wall putty**

Share of wall putty is showing positive trend in Kerala and all over India. In Kerala the total market share is 1.5 times that of white cement. So TCL is planning to establish 'Vembanad' putty in the market. The present average sale of wall putty is 1200MT per annum and planning to increase the sales volume to 5000MT gradually in 5 years. The price of wall putty is competitive with others. Presently wall putty is manufactured at factory at Nattakom. In addition, 3 Vanitha Societies are operated at Thiruvananthapuram, Kannur and Palakkad districts each units having a production capacity of 100MT per month. These units are installed recently and they are operating at 50% now. Profit from production of wall putty from these units is Rs.1500/MT.

## **MODERNIZATION / DIVERSIFICATION ACTIVITIES PLANNED**

The plant of TCL was set up in the year 1946 by F L Smidth & Company, Denmark. The main raw material used by the company was lime shell dredged out from leasehold areas of Vembanad Lake. This lime shell thus dredged was received at the plant of TCL through barges owned by the company. Other raw materials viz. White clay and sand were also used for the process of making slurry which feed to rotary kiln for clinker production. The technology used was out dated '*wet process technology*' and fuel used was furnace oil which comes 65% to 70% of the total production cost. Now the plant right from dredging till clinkerisation is idling and only cement mills are used for grinding clinker imported along with gypsum. Hence, technology upgradation and modernization in those areas of the plant is not required and now it is limited to only grinding mills and packing unit. The technology upgradation and modernization planned is detailed below.

### **(i) Wall putty unit modernisation**

The wall putty is now manufactured with old and outdated machinery which was earlier used for cement paint production which is labour expensive. TCL is now planning to increase the production and sale of wall putty from 1200MT to 2000 MT within 3 years and to 5000MT within 5 years.

It may please be noted that 25% of the existing total employees will retire within a period of 5 years. So the wall putty plant requires modernization with a capital investment of Rs. 200 lakh from GoK.

### **(ii) Data logger system in clinker grinding mill (A Mill)**

Data processing systems like SCADA shall be adopted for cement mill to monitor Mill bearing temperature, Pressure (vacuum), Temperature gauges, Tachometer reading, Level indicator etc. to maintain proper quality norms and safety of the equipments.

The investment required for data logger system is Rs. 50 lakh and planning to implement with support of GoK.

**(iii) Installation of Automatic packing machines for various packings**

50Kg and 25 Kg white cement are packed by using semi-automatic machine which was installed at the time of inception of the plant. 5 Kg white cement is packing in automatic packing machine where as 1 kg packing is done manually which require more manpower. All these machines are to be replaced with automatic packing machine considering the labour shortage in the coming future.

The capital expenditure expected for this renovation is about Rs. 50 lakh and planning to implement with support of GoK.

**Diversification Activities Planned for next 5 years**

As part of diversification to overcome the present situation, TCL is planning to produce grey cement also in the same plant by utilizing idling mills and also to set up a pole casting unit in the unutilized land in TCL premises for manufacturing and supply of 1 lakh electric poles to KSEB. TCL is confident that the unit will become a profit-making unit within two years after successful implementation of these projects.

**(i) Grey cement production with capital investment of Rs. 10 Crore**

At present, TCL is having 3 clinker grinding mills and a raw mill and ball mill. All these mills are cylindrical type tube mills. After ban on dredging lime shell from Vembanad Lake, kiln and major part of the machinery including some tube mills are idling. The present market demand of white cement is about 800MT per month which can be managed with one of the mills having capacity 1500MT per month. The Hi-chrome lined tube mill now idling can be used for manufacturing approx. 350 MT of grey cement in a day and in a later stage other idling mills can be also be used for grey cement production by way of modernization based on the market demand. The monthly production capacity of

the proposed unit is 10000MT per month which would be approximate 1.5% of present monthly market demand. It would not be a big task to sell in the competitive market as a new player. TCL is of the view that the said quantity of grey cement can be sold in the nearby districts through the existing stockist and dealers for white cement. The capital investment required is Rs.10 Crore and the project implementation period is 12 months from zero date. The profit expected @ Rs. 30/- per bag of 50 Kg on implementation of the project is about Rs. 7.2 Crore per annum. Administrative Sanction received from GoK.

**(ii) Pole casting unit with capital investment of Rs. 6 Crore**

KSEB is purchasing concrete poles every year amounting to Rs. 125 Crore. TCL is having suitable land with water frontage for setting up yard for manufacturing poles of different types commercially according to specifications of KSEB. The existing skilled manpower can be utilized for the operation and maintenance of the pole casting unit. The proposed area is very near to Electrical Circle, KSEB, Kottayam. Necessary casting beds, structures, moulds, curing tanks, testing yard etc shall also be set up in the proposed area. Testing facility is also available in the existing Laboratory of Travancore Cements Ltd.

TCL had discussions with KSEB and Government. DPR in this regard was submitted to Government in consultation with KSEB and GoK has made provision of Rs. 6 Crore for the proposed project in the Kerala Budget 2021-22 towards capital investment and accorded Administrative Sanction for the same. The project can be completed within 8 months from zero date. The profit expected production and sale of 1 lakh pole is estimated as Rs. 2.6 Crore per annum.

***Present Turnover from sale of 8000 MT White cement & 1200MT Wall putty per annum is Rs.16 Crore and PBDT is Rs. (-)5 Crore.***

## **BENEFITS THAT CAN BE ACCRUED WITH DIVERSIFICATION**

**PHASE -I – (Year -1) – Increasing production and sale of white cement to 10000MT/annum and wall putty to 2000MT/year**

The present average turnover of the company is Rs. 16 Crore and PBDT is Rs. (-)5 Crore. Increasing production and sale of white cement to 10000MT/annum and wall putty to 2000MT/year the overall turnover and PBDT in this phase-I comes to Rs.21 Crore and (-)4.1 Crore.

**PHASE-II – (Year -2)- Continuing production and sale of white cement (10000MT/year)& wall putty 2000MT/year) at the existing volume and production and sale of grey cement (120000MT per annum) using idling Hi-chrome grinding mill (1 no.)**

The turnover and PBDT can be increased on production and sale of 1.2 lakh MT of grey cement plant in this phase. Additional turnover expected from production and sale of grey cement is Rs. 84 Crore(approx.)and profit is Rs. 7.2 Crore(approx.).Thus the overall turnover and PBDT in phase-II comes to Rs. 105 Crore and Rs. 3.1 Crore respectively.

**PHASE -III–(Year – 3)Phase -II plus income generated from production &sale of 1 lakh electric poles per annum on setting up Pole casting unit.**

Additional turnover expected from production and sale of from production and sale of 1 lakh concrete poles/annum is Rs. 33 Crore(approx.) and expected profit is Rs.2.6 Crore approx. The overall turnover and PBDT in phase-III comes to Rs. 138 Crore and Rs. 5.7 Crore respectively.

**PHASE -IV– (Year – 4) Phase III plus Increasing production and sale of wall putty from 2000MT to 3000MT per annum.**

At this phase, it is proposed to increase production and sale of wall putty from 2000MT to 3000MT (1000 MT additionally) per annum. Additional turnover expected from increase sale of wall putty comes to Rs. 1.8 Crore and PBDT comes to Rs. 0.30 Crore. The overall turnover and PBDT in phase-IV comes to Rs. 140 Crore and Rs. 6 Crore respectively.

**PHASE -V- (Year – 5)Phase IV plus Increasing production and sale of white cement from 10000MT – 12000 MT per annum, wall putty from 3000MT to 5000MT per annum.**

At this phase, it is proposed to increase production and sale of white cement from 10000MT – 12000 MT (ie., 2000MT additionally) and wall putty from 3000MT to 5000MT (ie.,2000MT additionally) per annum. Turnover & PBDT expected from this increased sale of white cement and wall putty comes to Rs. 7.2 Crore and Rs. 1.3 Crore respectively. Thus, the overall turnover and PBDT in phase-V after 5 years comes to Rs. 147 Crore and Rs. 7.3 Crore respectively.

**Expected turnover and profit for next five years on completion of diversification activities**

Year	2021-22	2022-23	2023-24	2024-25	2025-26
Turnover (in Rs. Crore)	21	105	138	140	147
PBDT (in Rs. Crore)	(-)4.1	3.1	5.7	6	7.3

**Funding**

TCL plan all diversification activities with support of Government of Kerala as detailed below.

Phase I	-	No investment required
Phase II	-	Capital investment of Rs. 10 Crore (AS accorded and Rs. 4 Crore received for initial expenses of the project)
Phase III	-	Capital investment of Rs. 6 Crore. (AS accorded)
Phase IV	-	No investment required.
Phase V	-	No investment required.

## **Projects planned for next 10 years- at a glance**

### **SHORT TERM PLANS**

- ❖ 400 TPD grey cement grinding unit.
  - Capital investment Rs. 10 Crore
  - Expected additional turnover Rs. 84 Crore
  - Expected Profit Rs. 7.2 Crore

### **MID- TERM PLANS**

- ❖ *Pole casting unit*
  - Capital investment Rs. 6 Crore
  - Expected additional turnover Rs. 33 Crore
  - Expected Profit Rs. 2.6 Crore
- ❖ *Wallputty unit modernization, Data logger system in clinker grinding mill (A Mill), Installation of Automatic packing machines for various packings .*
  - Capital investment Rs. 300 lakh
  - Funding from GoK on submission of Detailed Project Report

### **LONG TERM PLANS**

- ❖ Precast concrete slabs
- ❖ Project for plastic emulsion/distemper paints/ water proofing products
- ❖ Capacity expansion of grey cement grinding unit utilizing the other 2 idling mills

*The funding for the above projects will be met from the profit/ cash-in-flow generated in the next five years from the activities planned and deficit amount, if any, with financial support of GoK.*

*Targeting to increase the turnover to Rs.270 Crore after 10 years on implementation of the long term plan proposals.*

*Detailed project report for the above projects will be prepared and submitted to Government.*



## **THINGS NEEDED INTERVENTION OF GOVERNMENT**

- ❖ Conversion of Government loan of Rs. 48.71 Crore to equity.
- ❖ Working capital support for the next 3 years.
- ❖ Financial support of Rs. 300 lakh for the proposed technology upgradation / modernization of the plant.
- ❖ One time settlement for clearing statutory dues viz. PF, Gratuity, GST, Electricity etc amounting to a total of Rs. 18 Crores with Financial Support of GoK.

## **THE VISION**

*The vision beyond the above-mentioned plans is to facilitate a steady and continuous growth of the company with technological changes, organizational restructuring and diversification and modernization. The task before the company therefore, includes steps to develop an appropriate environment within which better infrastructural facilities are provided for their technological up-gradation and modernization, improved access to the market, skill up gradation through training, etc.*

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