

CHAPTER 5

PROFILE OF COMPANIES SELECTED

5.1 Introduction

The following six public sector industries in Kerala in the chemical sector were selected for the study.

1. The Kerala Minerals & Metals Ltd.
2. Malabar Cements Ltd.
3. Travancore Titanium Products Ltd.
4. The Travancore Cochin Chemicals Ltd.
5. The Travancore Cements Ltd.
6. Kerala State Drugs & Pharmaceuticals Ltd.

Three industries namely The Kerala Minerals & Metals Ltd., Malabar Cements Ltd and the Travancore Titanium Products Ltd. are profit making units whereas the other three namely Kerala State Drugs And Pharmaceuticals Ltd., The Travancore Cements Ltd. and The Travancore Cochin Chemicals Ltd are loss making units. The profiles of the above selected six Public Sector Industries are presented in this chapter.

5.2 The Kerala Minerals and Metals Limited (KMML)

5.2.1 Background

The Kerala Minerals and Metals Limited is considered as the pioneer in mineral separation industry in Kerala. The company is engaged in mining and separating the mineral sand into various constituents. A visionary private

entrepreneur established this company in the name F. X. Perira and Sons (Travancore) Pvt. Ltd, the forerunner to KMML. During the course of time, KMML changed hands three times. In 1956 it was taken over by the State Government and was placed under the control of the Industries department. The unit was subsequently converted as a limited company by the name of The Kerala Minerals and Metals Ltd. (KMML) with the following broad objectives.

1. Optimum utilisation of mineral wealth found along the sea cost of Kollam - Alappuzha Districts.
2. Large scale generation of employment in the state.
3. Overall growth and development of the local area in particular and the State in general.

KMML was incorporated on 16th February 1972 as a fully owned Government undertaking under the administrative control of the industries department of the Government of Kerala with an authorized capital of Rs.3500 Lakhs and a paid up capital of Rs.3093.27 Lakhs. This unit with installed capacity to produce 22000 MT of TiO_2 , 25000 MT of Illmenite, 2400 MTs of Rutile, 1500 MTs of Zircon and 240 MTs of Monazite is established in Chavara in Kollam District.

Sea sand available in plenty in the beaches of Kollam – Alappuzha contains Illmenite, natural Rutile, Silicon, Silliminite and Monazite. Of this, Illmenite and natural Rutile contains TiO_2 . Mining of sand, separation of minerals and processing of separated sand for production of Titanium Dioxide in different grades and other minerals are the core activities of the company.

The company has two plants namely Titanium Pigmentation Plant and Mineral Separation Plant for the purpose. In the mineral separation plant, different minerals are separated by physical methods. The manufacture of Titanium Dioxide Pigment (Rutile) involves reduction and leaching of raw illmenite, regeneration of spent hydrochloric acid and conversion of beneficiated illmenite into TiO_2 pigment. This process is completed in the following plants:

1. Illmenite Beneficiation Plant

2. Acid Regeneration Plant
 - a. Pigment Production Plant
 - b. Chlorination Plant
 - c. Oxidation Plant
 - d. Pigment Surface Treatment and finishing plant

The construction of the Titanium Pigment Plant started in 1979 at an estimated cost of Rs.65 crores. Though the new project started commercial production in January 1985 the operations could not be stabilized for over next five years on account of a host of problems relating to technology assimilation, management and organizational deficiencies. As a result, the company was continuously on loss from 1982-83 to 1991-92.

As on 31st March 1992 the accumulated losses was Rs.9922 Lakhs against the share capital of Rs. 3093 Lakhs and free reserves of Rs.106 Lakhs indicating a negative net worth of Rs.6726 Lakhs and the company was referred to BIFR in July 1992. The BIFR in its hearing held on 8th February 1993 declared KMML as a sick industrial company. The BIFR sanctioned a rehabilitation scheme for KMML on 1st June 1994 and it was implemented with immediate effect. The decision of the union government to include titanium dioxide in the restricted list of import in February 1993 resulted in a spurt in its demand in the domestic market and helped KMML to increase sales and to make its operations profitable in 1993-94 itself. During 1993-94 sales increased nearly by 31 percent to Rs.12400 Lakhs compared to Rs.9548 Lakhs in 1992-93 and the company earned a net profit of Rs.2014 Lakhs.

The sustained demand for titanium dioxide in the domestic market continued in the subsequent years also. This helped KMML to attain a better performance than the one projected in the rehabilitation scheme. The rapid increase in sales turnover after the inclusion of titanium dioxide in the restricted list of imports helped KMML to earn profit continuously from 1993-94 and to wipe off the entire amount of accumulated losses by 1995-96. The company was taken out of the purview of the BIFR in December 1996.

5.2.2 Turnover

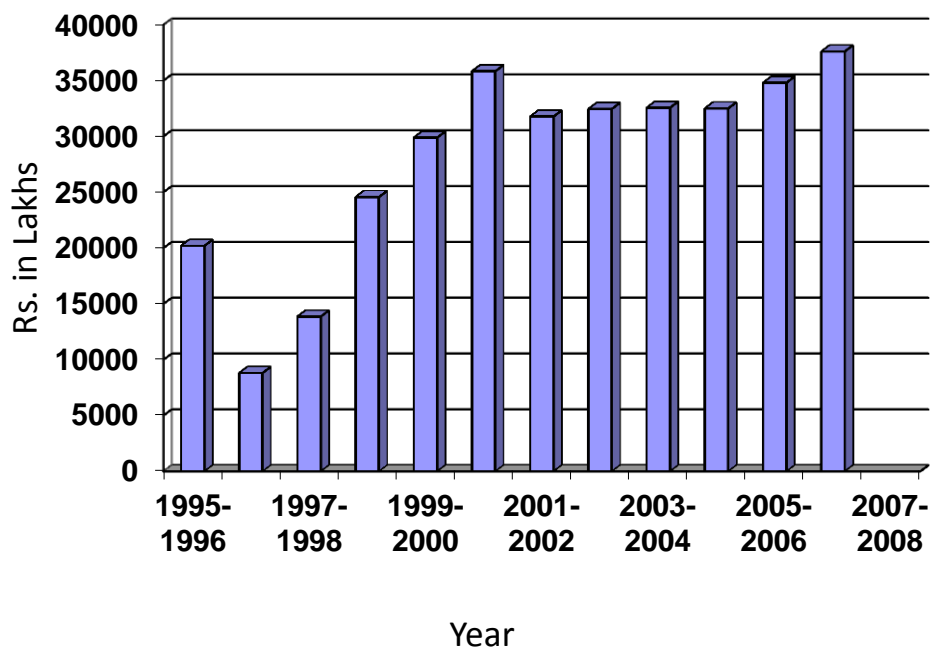
The turnover of KMML increased from Rs.20182 Lakhs in 1995-96 to Rs.34701 lakhs in 2007-08. The turnover of KMML from 1995-96 to 2007-08 is given in Table-5.1 below and is graphically represented in Figure 5.1 below:-

Table 5.1:- The Turnover of KMML from 1995-96 to 2007-08

| YEAR | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| TURN OVER IN Rs,LA KHS | 20182 | 8801 | 13854 | 24558 | 29877 | 35819 | 31764 | 32445 | 32553 | 32496 | 34795 | 37591 | 34701 |

Source: Review of Public Enterprises in Kerala 1995-96 to 2007-08

Figure 5.1:-Turn over of KMML from 1995-96 to 2007-08



5.2.3 Profit

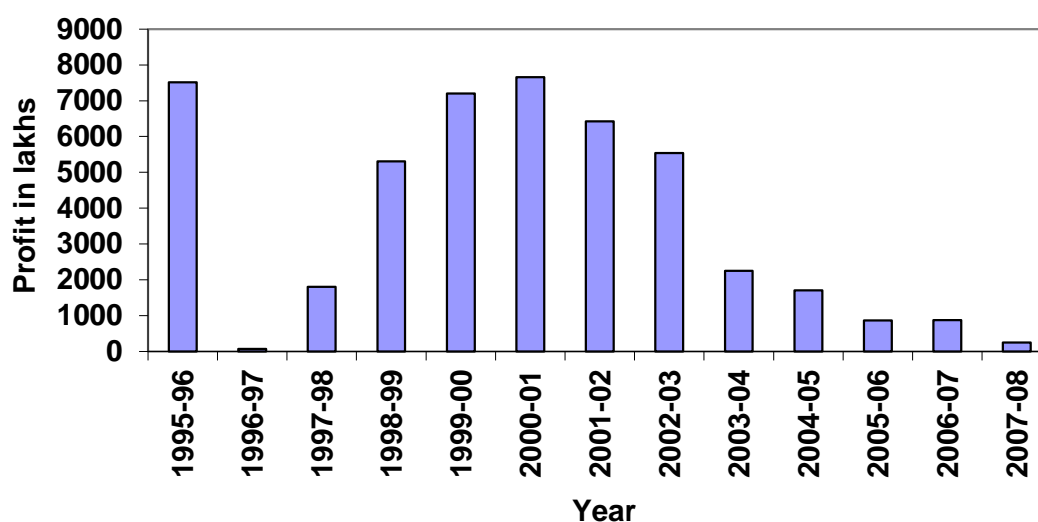
The profit of KMML from 1995-96 to 2007-08 is given in Table 5.2 below and is graphically represented in Figure 5.2

. Table 5.2:- Profit of KMML from 1995-96 to 2007-08

| YEAR | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Net profit in lakhs | 7516 | 69 | 1802 | 5309 | 7200 | 7660 | 6426 | 5537 | 2248 | 1705 | 862 | 875 | 250 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

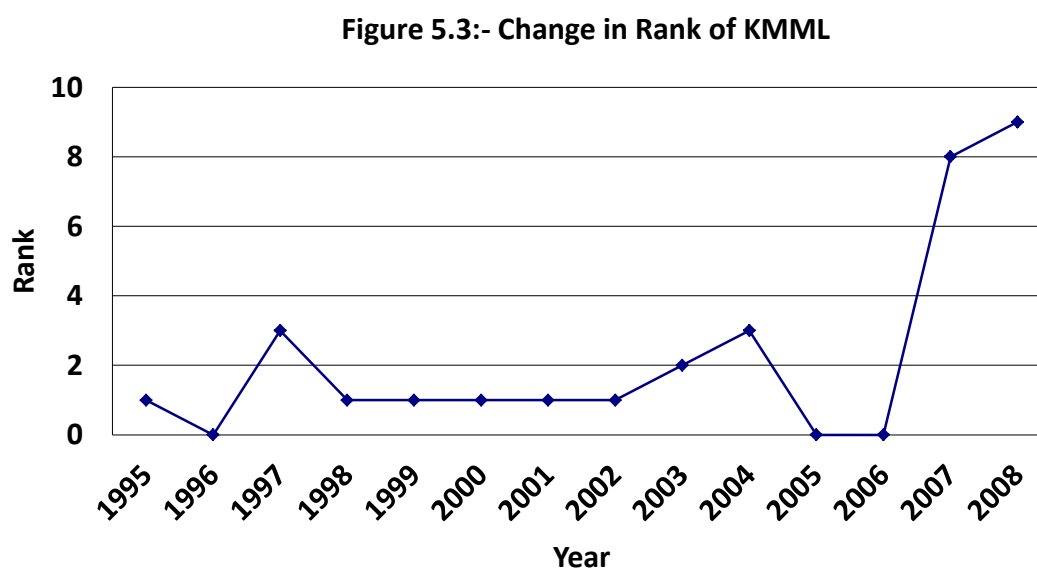
Figure 5.2:- Profit of KMML from 1995-96 to 2007-08



5.2.4 Rating Among Kerala PSEs

KMML has been continuously making profits ever since the successful turn around of its operations in 1994. The company is one of the flagship units of the Government of Kerala and was one among the top ten profit making PSEs in the State. The company maintained first rank position among the top ten profit making PSEs continuously from 1998 to 2003. The change in the rank

among the top ten profit making units is graphically represented in Figure-5.3 below.



5.2.5 Foreign exchange earnings

KMML entered the international market in a planned way from 2001-02 onwards. Though there were small quantity of exports in the past also, KMML started foreign exchange earnings on a regular basis from 2001-02 onwards. Table-5.3 below shows the foreign exchange earnings of the company from 1995-96 to 2007-08.

Table 5.3:- Foreign Exchange Earnings of KMML from 1995-96 to 2007-08

| YEAR | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| FE earning Lakhs | NIL | NIL | NIL | NIL | 67.94 | NIL | 1215 | 5349 | 5411 | 9101 | 9523 | 9983 | 9296 |

Source: Annual Reports of KMML from 1995-96 to 2007-08

5.2.6 Ratio of receivables to sales

Ratio of receivables to sales (in months) is the ratio of Accounts Receivable (Debtors +Bills Receivable) to sales in terms of months and is calculated on the formula

$$\text{Receivables to Sales Ratio} = \frac{\text{Accounts Receivable} \times 12}{\text{Sales}}$$

This is an indicator of the performance of the companies in respect of financial parameters. The ratio of receivable of KMML from 1995-96 to 2007-08 is given in Table 5.4 below and the same is graphically represented in Figure 5.4 below.

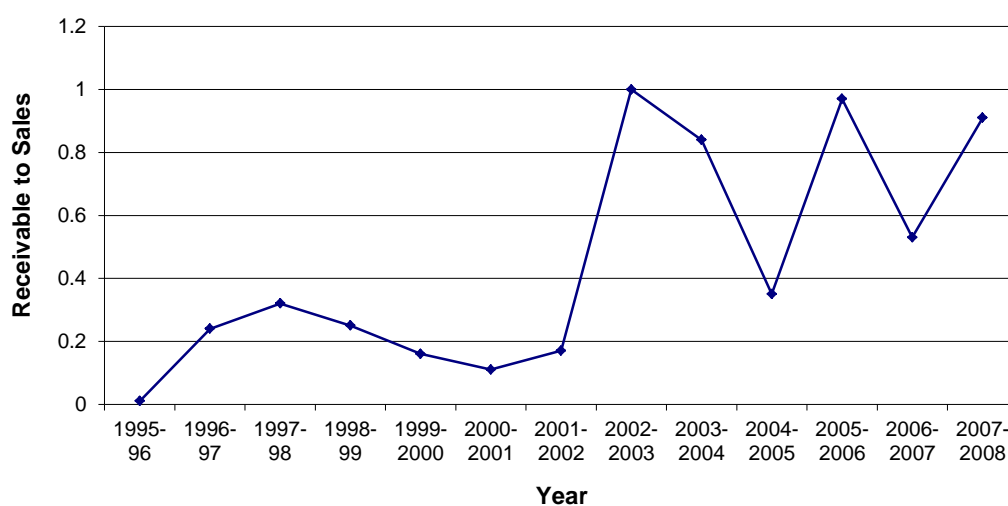
Table 5.4:- Ratio of receivable to sales of KMML from1995-96 to 2007-08

| YEAR | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|-------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Ratio | 0.01 | 0.24 | 0.32 | 0.25 | 0.16 | 0.11 | 0.17 | 1.00 | 0.84 | 0.35 | 0.97 | 0.53 | 0.91 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

In KMML except for the year 2002-2003 the ratio of receivable to sales was below one which indicates a healthy position regarding the collection against sales.

Figure 5.4:- Ratio of Receivable to Sales of KMML



5.2.7 Expenditure on R&D

KMML has been focusing on Research and Development activities right from inception and could translate many of its in house research developments into commercially viable projects in improving the production process or in developing new variants of their products as per customer requirement or in cost reduction or in waste management. The successful conversion of glass pipes to inconel pipes which could withstand high corrosion and high temperature based on in-house R&D work by KMML is reported as one of the key factors that contributed to the turnaround of KMML after it was referred to BIFR. The company has been focusing on R&D in a big way from 1996-97 onwards. The amount spent by KMML for R&D during the period from 1995-96 to 2007-08 is given in Table 5.5

Table 5.5:– Expenditure on R&D in KMML from 1995-96 to 2007-08

| Year | Amount (Rs. in lakhs) |
|---------|-----------------------|
| 1995-96 | Nil |
| 1996-97 | 220.86 |
| 1997-98 | 220.80 |
| 1998-99 | 237.78 |
| 1999-00 | Nil |
| 2000-01 | 261.86 |
| 2001-02 | 261.86 |
| 2002-03 | Nil |
| 2003-04 | Nil |
| 2004-05 | Nil |
| 2005-06 | 118.88 |
| 2006-07 | Nil |
| 2007-08 | 118.88 |

Source: Annual Reports of KMML from 1995-96 to 2007-08

5.2.8 Employee Strength

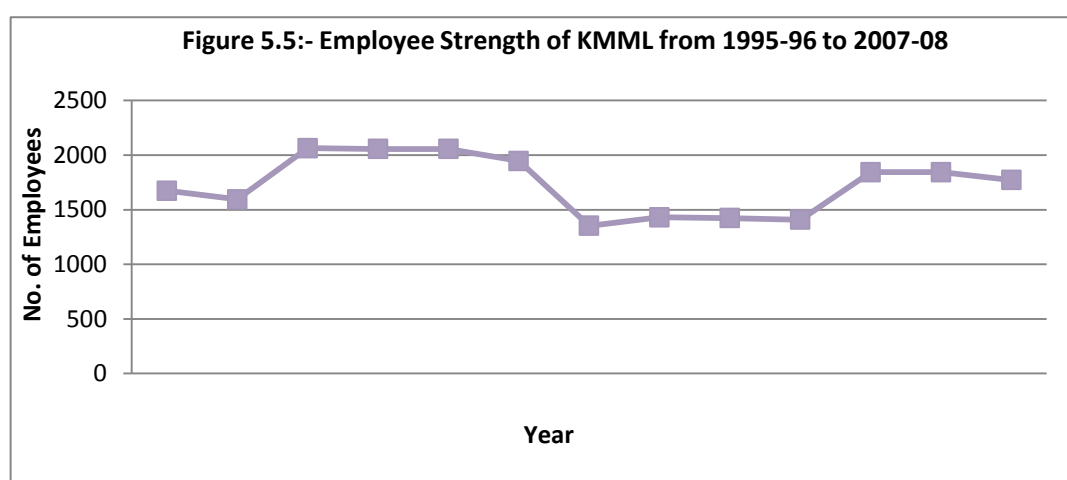
Voluntary Retirement Scheme was a tool generally used by public sector undertakings in India to cut down the excess manpower. Excess manpower

was not identified as a problem of KMML and hence no Voluntary Retirement Scheme was introduced there. The Company evaluates its trained and competent manpower as one of the strengths for its competitiveness. KMML continuously invests in the training and development of employees. “The Company has a policy to cover each employee under a training scheme at least once in two years to update their knowledge and skills.”³⁰ The number of employees in KMML from 1995-96 to 2007-08 are given in table 5.6 below and the same is graphically represented in figure 5.5

Table 5.6:- Employee strength of KMML from 1995-96 to 2007-08

| Year | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Strength | 2064 | 2057 | 2057 | 1947 | 1353 | 1430 | 1423 | 1408 | 1844 | 1844 | 1772 |

Source: Annual Reports of KMML from 1995-96 to 2007-08



³⁰ Rajendra Prasad DGM, KMML

5.3 Malabar Cements Limited

5.3.1 Background

Kerala State Industrial Development Corporation (KSIDC) obtained the Industrial license for setting up of a cement manufacturing unit in November 1976. The Malabar Cements Limited thus came into existence at Walayar, in Palakkad District. The company was incorporated on August 11, 1978 and commenced production on April 24, 1984. The company has a capital outlay of Rs.680 million. The factory at Walayar has an installed capacity to produce 4.2 lakh tonnes of cement per annum. The company meets about 10% of the total cement consumption in Kerala.

Malabar Cements has an employee strength of over 1000 and has state of the art, dry process technology for manufacture of superior quality cement. The company has its own raw material mines which is a significant factor for the competitiveness of this cement industry.

The company has commissioned a 2.5 MW multi-fuel power plant in June 1998 which meets 25% of the total power requirement for the Walayar plant operations. The company has updated its technical capability by adding new equipments like belt bucket elevators and by Kiln automation and modification to cement mill internals etc.

Malabar Cements Limited has been continuously achieving clinker production and cement production above its installed capacity. The actual production capacity utilization in respect of clinker, cement and clinker grinding unit during the last 5 years is shown in Table 5.7 below.

The company has further expanded by commissioning a 600 TPD clinker grinding unit at Cherthala in Alappuzha district. The investment on this plant is to the tune of Rs. 310 million. Another similar capacity unit is on the anvil for which foundation stone has already been laid at Panakkad in Malappuram district, Kerala.

Malabar Cements Ltd has been able to achieve production above its installed capacity in clinker and cement production except in the Clinker Grinding Unit at Cherthala where the production is yet to reach 100% level. The Production details of Malabar Cement during the last 5 years ie, from 2004-05 to 2008-09 is given in Table 5.7 below:

Table 5.7:- Production details of Malabar Cement

| Clinker Production : | | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|-----------------------------|------|---------|---------|---------|---------|---------|
| Actual | (MT) | 421560 | 489000 | 425548 | 412270 | 430740 |
| Capacity Utilization | (%) | 105.39 | 122.25 | 106.40 | 103.07 | 107.69 |
| Cement Production : | | | | | | |
| Walayar | | | | | | |
| Actual | (MT) | 445486 | 502220 | 467500 | 444130 | 506070 |
| Capacity Utilization | (%) | 106.07 | 119.58 | 111.31 | 105.75 | 120.49 |
| CGU | | | | | | |
| Actual | (MT) | 115628 | 180696 | 153644 | 124832 | 94000 |
| Capacity Utilization | (%) | 57.81 | 90.35 | 76.82 | 62.42 | 47.00 |
| Total | | | | | | |
| Actual | (MT) | 561114 | 682916 | 621144 | 568962 | 600070 |
| Capacity Utilization | (%) | 90.50 | 110.15 | 100.18 | 91.77 | 96.79 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

The Company has further expanded by commissioning a 600 TPD clinker grinding unit at Cherthala in Alappuzha district. The investment on this plant is to the tune of Rs.310 million. Another similar capacity unit is on the anvil for

which foundation stone has already been laid at Panakkad in Malappuram district, Kerala

.5.3.2 TURNOVER

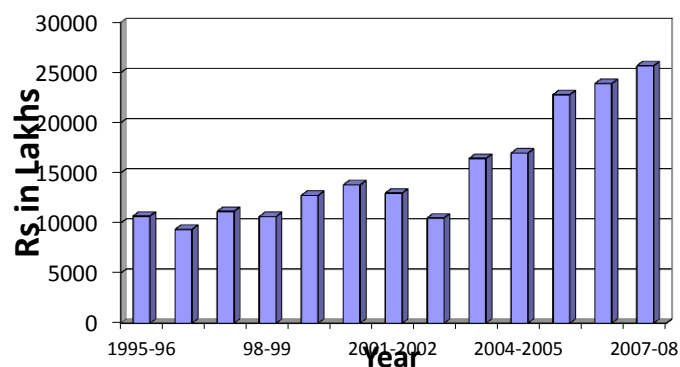
The company has a track record of increasing its turnover every year. The turnover details since 1995-96 is given in Table 5.8 below and graphically represented in Figure 5.8

Table 5.8:- Turnover from MCL 1995-96 to 2007-08

| Year | TURNOVER (Rs. in lakhs) |
|-------------|--------------------------------|
| 1995-96 | 10703 |
| 1996-97 | 9376 |
| 1997-98 | 11172 |
| 1998-99 | 10642 |
| 1999-00 | 12753 |
| 2000-01 | 13809 |
| 2001-02 | 12985 |
| 2002-03 | 10515 |
| 2003-04 | 16444 |
| 2004-05 | 16985 |
| 2005-06 | 22820 |
| 2006-07 | 23916 |
| 2007-08 | 25705 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

Figure 5.6:- Turnover of MCL from 1995-96 to 2007-08



5.3.3 PROFIT

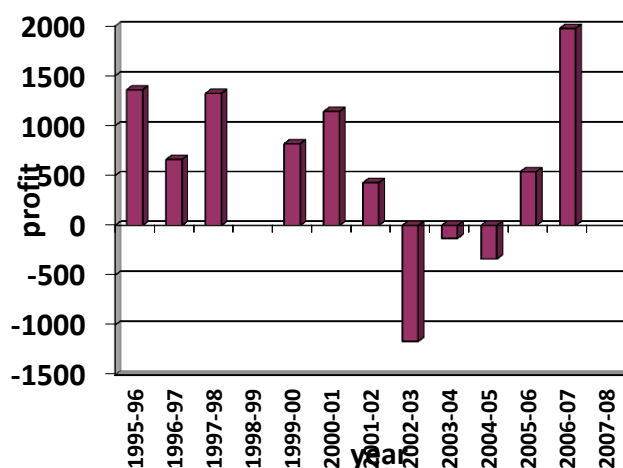
Though the company has been continuously increasing its turnover from 1995-96 to 2007-08 with the exception of the year 2002-03, the company has made loss during 3 years ie, 2002-03, 2003-04 and 2004-05 consequent to the fluctuations in the cement market. However it can be noticed that the profit has almost doubled to Rs.4370 lakhs during the financial year 2007-08 in comparison with the profit for the year 2006-07. The profit figures for the period from 1995-96 to 2007-08 is given in Table 5.9. The same figures are graphically represented in Figure 5.7

Table 5.9:- Profit of MCL from 1995 -96 to 2007-08.

| Year | Amount (Rs.in lakhs) |
|-------------|-----------------------------|
| 1995-96 | 1361 |
| 1996-97 | 662 |
| 1997-98 | 1324 |
| 1998-99 | 508 |
| 1999-00 | 820 |
| 2000-01 | 1142 |
| 2001-02 | 429 |
| 2002-03 | -1163 |
| 2003-04 | -129 |
| 2004-05 | -336 |
| 2005-06 | 540 |
| 2006-07 | 1978 |
| 2007-08 | 4370 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

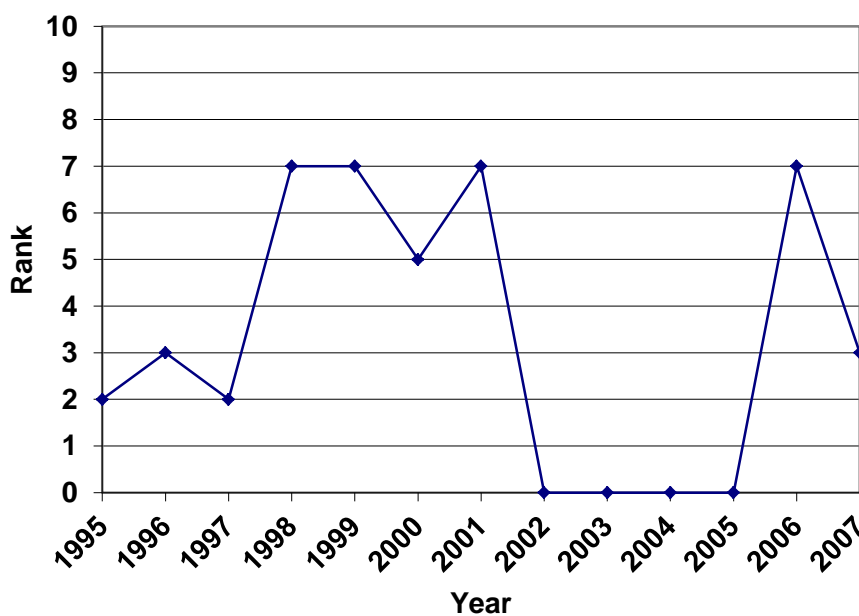
Figure 5.7:- Profit of MCL from 1995-96 to 2007-08



5.3.4 RATING AMONG KERALA PSEs

During the year 1995-96 Malabar Cements had second rank among the top ten profit making PSEs in the state. However they were able to remain in the list of ten top profit making PSEs only for nine years during the thirteen year period from 1995-96 to 2007-08. The pattern of change in the rank and the period during which they were not in the list are given in figure 5.8 given below.

Figure 5.8:- Change in rank of MCL among top ten profit making PSEs.



5.3.5 Ratio of receivables to sales

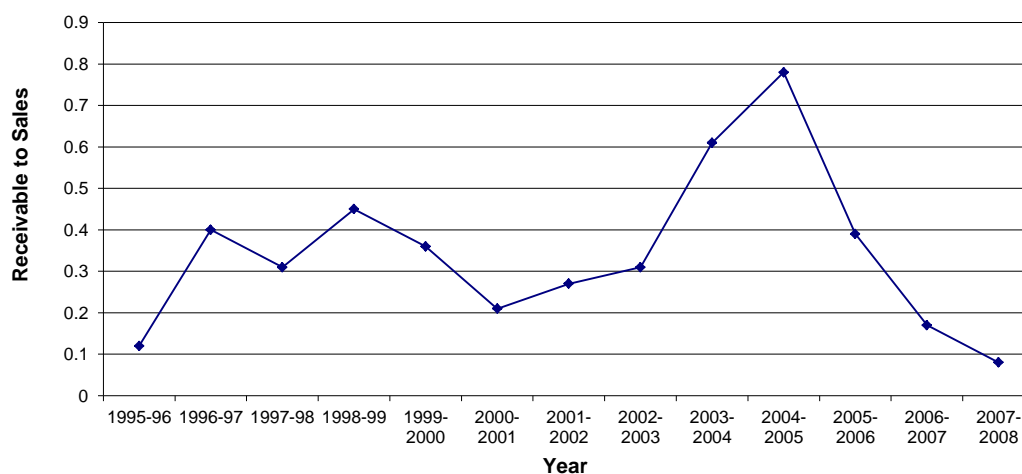
Ratio of receivables to sales of Malabar Cements Ltd. for the period from 1995-96 to 2007-08 is given in Table 5.10. The ratio has always been at the level below .6 except for the year 2004-05 showing a healthy trend in collecting receivables on time.

Table 5.10:- Ratio of receivables to sales of MCL from 1995-96 to 2007-08

| Year | Receivables to Sales |
|---------|----------------------|
| 1995-96 | 0.12 |
| 1996-97 | 0.4 |
| 1997-98 | 0.31 |
| 1998-99 | 0.45 |
| 1999-00 | 0.36 |
| 2000-01 | 0.21 |
| 2001-02 | 0.27 |
| 2002-03 | 0.31 |
| 2003-04 | 0.61 |
| 2004-05 | 0.78 |
| 2005-06 | 0.39 |
| 2006-07 | 0.17 |
| 2007-08 | 0.08 |

Source: Computed

Figure 5.9:- Ratio of receivables to sales of MCL from 1995-96 to 2007-08



5.3.6 Employee Strength

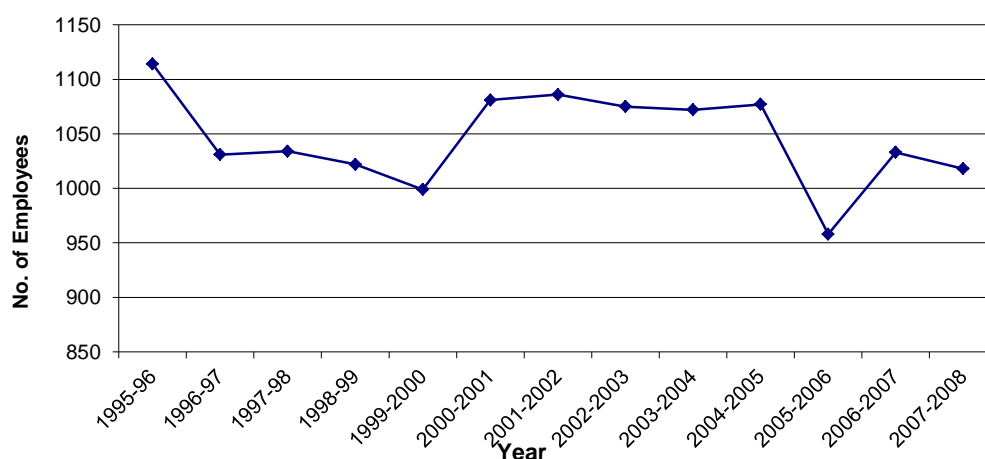
The employee strength of Malabar Cements Ltd for the period from 1995-96 to 2007-08 is given in table 5.11 below. The Company has not identified manpower restructuring as a strategy for competence building and hence no Voluntary Retirement Scheme was operated in the company. The employee strength which was 1114 in the year 1995-96 remains at the level of 1018 by the year 2007-08. The employee strength is graphically represented in figure 5.10

Table 5.11:- Employee strength of MCL from 1995-96 to 2007-08

| YEAR | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| No. of Emp | 1114 | 1031 | 1034 | 1022 | 999 | 1081 | 1086 | 1075 | 1072 | 1077 | 958 | 1033 | 1018 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

Figure 5.10:- Employee Strength of MCL from 1995-96 to 2007-08



5.4 TRAVANCORE TITANIUM PRODUCTS LIMITED.

Travancore Titanium Products Limited. (TTP Ltd.) was promoted by the princely state of Travancore in the year 1946 in collaboration with the British Titan Products Company, U K (now known as Tioxide Group Ltd.) with the object of producing pigment grade titanium dioxide using the titanium rich illmenite available as placer deposit in the beach sands near Quilon. Till last decade TTP was the only unit producing this white pigment not only in India, but also in the whole of South-East Asia.

Titanium Dioxide finds use in a variety of industrial products such as paints, footwear, toilet soaps, ceramic products, artificial fibre, pharmaceutical preparations, rubber products, plastics, paper printing ink, textile printing formulations, flooring materials, cosmetics, welding rods etc. Its extreme whiteness, perfect non toxicity and chemical inertness make it an ideal choice as a white pigment. The light scattering property of finely divided titanium dioxide is unmatched by any other known material. The chemical is available in two crystalline forms ie., anatase and Rutile which are of different values. The relatively softer anatase is used for delustering artificial fibres. Pigment grade titania is produced by two different ways ie., sulphate route and chloride route. Chloride process accounts for about 60% of the global production and Rutile grade accounts for about 80% of the global demand. Only 10% of the world's titanium dioxide pigment is produced and sold in Anatase forms. Global consumption of Anatase Titanium Dioxide for selective catalytic reduction application is only 10000-15000 Tones Per Year.

In TTP Ltd. the Anatase grade is produced by the conventional sulphate technology. Manufacture of Titanium Dioxide pigment through the sulphate route has the drawback of the effluent problems associated with the process. Throughout the world producers of Anatase grade pigment have resorted to developmental activities to upgrade the technology so as to overcome this drawback.

5.4.1 Milestones in the Growth of TTP

- Company incorporated in 1946 for the manufacture of Anatase grade Titanium Dioxide through sulphate route with an installed capacity of 1800MTs per year.
- Production on continuous basis started from 1954
- First Expansion programme for doubling the capacity from 1800 to 3600 MTs in 1957.
- Research and Development wing was set up in 1961.
- Expansion programme for capacity expansion to 24500 tonnes per annum including plant and equipment for the production of coated Rutile grades was completed in 1973.
- Formation of Kerala State Industrial Products Trading Corporation(KSIPTC) as sole selling agent for sale of products of government companies including TTP in 1976.KSIPTC was appointed as the sole selling agent from 1979.
- Conversion of Sulphuric Acid Plant into DCDA technology by FEDO on a turnkey basis started in 1980 and the plant commissioned in 1984.
- 300 TPD sulphuric acid plant with the latest emission control devices was commissioned in 1996.

5.4.2 Problems Faced by TTP

1. Loss of monopoly of TTP in the market with the commencement of production of Rutile grade pigment by KMMML since 1985.
2. Competition from new domestic players in the field namely Kolma Chemicals in West Bengal with capacity to produce 360 TPA of Anatase grade pigment which started production in 1988-89 and Kilburn

Chemicals Ltd, Chennai with a capacity of 3600MT per year promoted by Williamson Group in 1991.

3. Outdated Technology. The last expansion of the titanium pigment plant was carried out in 1973. Other than the improvements made for Sulphuric acid Plant in 1980 and 1996, there was no major technology upgradation efforts in TTP.
4. Disposal of liquid effluent. Manufacture of Titanium Dioxide pigment through the sulphate route has the drawback of the effluent problems associated with the process. The unprecedented increase in price of sulphur by almost seven times from the range of Rs. 4500-5000 to Rs.35000-38000 has considerably affected the profitability of TTP. In order to comply with the Pollution Control Board norms, huge investment has to be made by TTP. The project cost for Effluent Treatment Plant, Modernization and Diversification programme was 256 crores which has gone up to Rs.440 crores by January 2006 when the project commenced. Out of this almost 50% is towards ETP project alone.
5. Impact of liberalization. Consequent to liberalization of the economy, the import duty on titanium dioxide was also reduced in successive Central budgets. With effect from July 1988 titanium dioxide pigment was also put under the Open General License (OGL) list, making the imports even more liberal.
6. Exporters were allowed to import raw materials against advance license without payment of customs duty. These advances are freely tradable by exporters and available at a price around 50% of the license value.

Impact of WTO Regulations. As per WTO norms the import duty of Titanium was also brought down during the last few years as shown in Table 5.12 below.

Table 5.12:- Import duty rates for TTP from 1995-96 to 2006-07.

| Period | Rate of Import Duty |
|-----------------------------|----------------------------|
| Till 07-10-1986 | 131% |
| From 8-10-86 to 30-06-88 | 105% |
| From 01-07-1988 to 31-03-94 | 85% |
| 1994-95 | 65% |
| 1995-96 | 50% |
| 1996-97 | 40+2%(special Duty) |
| 1997-98 | 40+2% |
| 1998-99 | 40+5+4% (Addl.Duty) |
| 1999-2000 | 40+4% |
| 2000-2001 | 35+4% |
| 2001-2002 | 35+4% |
| 2002-2003 | 30+4% |
| 2003-2004 | 10% |
| 2004-2005 | 10% |
| 2005-2006 | 10% |
| 2006-2007 | 10% |

Source: Sales Department of Travancore Titanium Products Ltd.

The new liberalized environment enabled the entry of many new Titanium suppliers in India. Currently import of Anatase grade Titanium to India is mostly from countries like China and Korea whereas fibre grade comes mainly from Germany.

From March 1979 onwards the Kerala State Industrial Products Trading Corporation (KSIPTC) was appointed as the sole selling agent of TTP. KSIPTC had no special capability for marketing and could add no value for the marketing efforts of TTP. In fact its impact was negative as can be seen from the results after the agency was disengaged from the marketing role in TTP. From March 2003 onwards TTP started direct marketing of its products which

period shows a positive improvement in sales and profitability. Table 5.13 below shows the production and sales figures before and after the commencement of direct marketing in the year 2003.

Table 5.13:- Production and Sales Figures of TTP before and after starting direct marketing in 2003.

| Year | production (mt) | sales (lakhs) |
|---------|-----------------|---------------|
| 2000-01 | 14624 | 14681 |
| 2001-02 | 13311 | 12505 |
| 2002-03 | 11137 | 9591 |
| 2003-04 | 16251 | 18289 |
| 2004-05 | 18359 | 16524 |
| 2005-06 | 17111 | 19761 |
| 2006-07 | 15767 | 15183 |
| 2007-08 | 12607 | 12232 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

5.4.3 TURNOVER

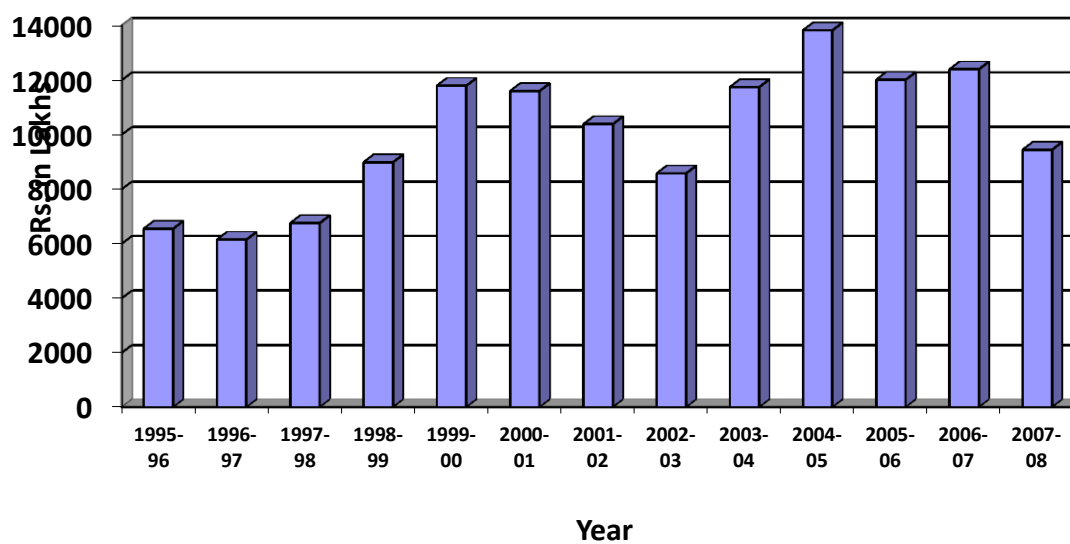
The turnover of TTP for the period from 95-96 to 2007-08 is given in Table 5.14 below. Turnover has increased considerably from the 2003-04 onwards ie, the year in which the company has started direct marketing of its products.

The turnover of TTP for 13 years from 95-96 to 2007-08 is diagrammatically represented in Figure- 5.11 below.

Table 5.14:- Turnover of TTP from 1995-96 to 2007-08.

| Year | TURN OVER (in lakhs) |
|---------|----------------------|
| 1995-96 | 6544 |
| 1996-97 | 6145 |
| 1997-98 | 6752 |
| 1998-99 | 8984 |
| 1999-00 | 11791 |
| 2000-01 | 11598 |
| 2001-02 | 10382 |
| 2002-03 | 8574 |
| 2003-04 | 11741 |
| 2004-05 | 13825 |
| 2005-06 | 12010 |
| 2006-07 | 12289 |
| 2007-08 | 9442 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

Figure 5.11:- Turn over of TTP from 1995-96 to 2007-08

5.4.4 Profitability

The profit/loss of TTP for the period from 1995-96 to 2007-08 is shown in Table 5.15 below. The company which was continuously making profit reached the level of Rs.1367 Lakhs during the year 1999-2000.

However, from the year 2000-01 onwards profit started declining and in the year 2005-06 company made loss to the tune of Rs.1636 Lakhs. .

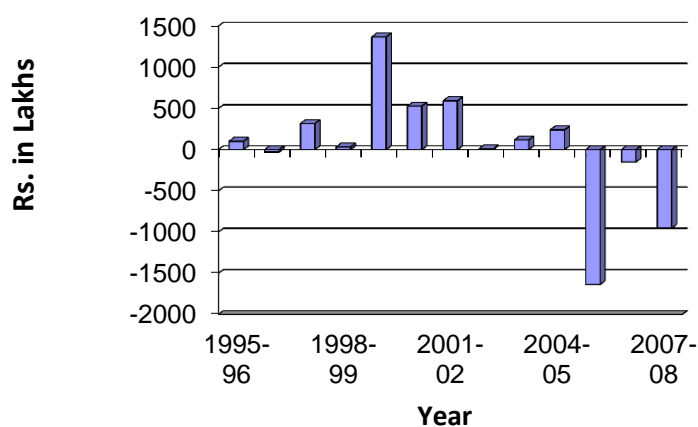
Table 5.15:- Profitability of TTP from 1995-96 to 2007-08

| YEAR | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|-----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Profit (Rs. in lakhs) | 101 | -30 | 417 | 999 | 1367 | 528 | 592 | 8 | 118 | 239 | -1636 | -390 | -954 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

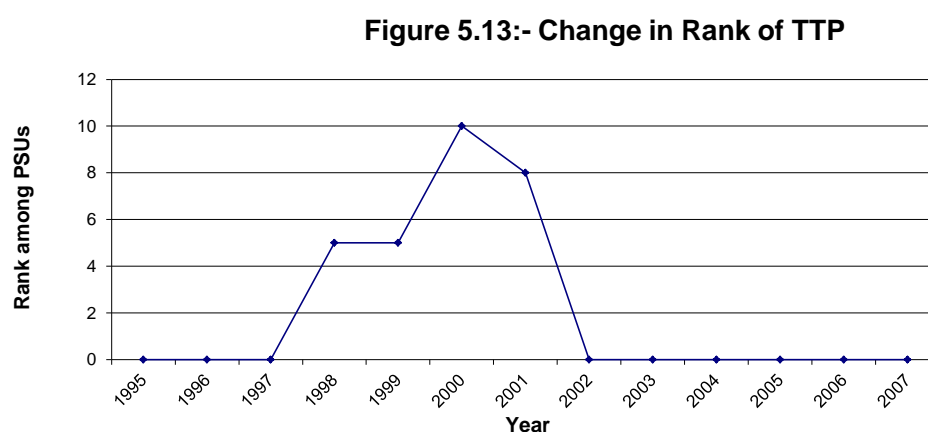
Profitability of TTP for the period from 95-96 to 2007-08 is diagrammatically represented in Figure 5.12 below.

Figure 5.12:- Profit of TTP from 1995-96 to 2007-08



5.4.5 Rating among Kerala PSEs

TTP was also in the list of ten top profit making PSEs from 1995-96 onwards for a period of four years consecutively but is out of the list from 2002-03 onwards. From 1995-96 to 97-98 the Company was ranked 1 among the top ten profit making PSUs. Figure 5.13 below shows the change in position of TTP in the list of ten top profit making PSEs in Kerala during the period from 1995-96 to 2007-08.



5.4.6 Ratio of Receivables to Sales

The ratio of receivables to sales in TTP as per the Annual Review Report of Public Enterprise in Kerala is given in Table 5.16 below.

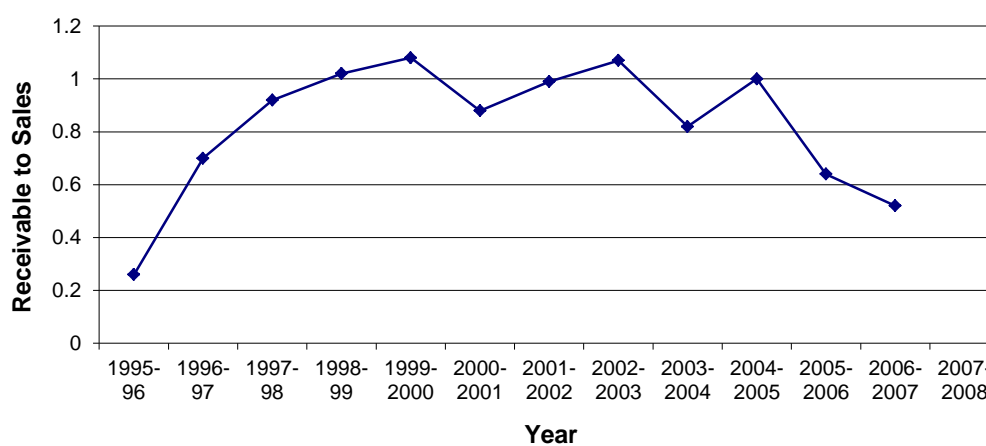
Table 5.16:- Ratio of receivable to sales of TTP from 1995-96 to 2007-08

| Year | Receivables to Sales |
|---------|----------------------|
| 1995-96 | 0.26 |
| 1996-97 | 0.70 |
| 1997-98 | 0.92 |
| 1998-99 | 1.02 |
| 1999-00 | 1.08 |
| 2000-01 | 0.88 |
| 2001-02 | 0.99 |
| 2002-03 | 1.07 |
| 2003-04 | 0.82 |
| 2004-05 | 1.00 |
| 2005-06 | 0.64 |
| 2006-07 | 0.52 |
| 2007-08 | 0.08 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

Ratio of receivables to sales is diagrammatically represented in Fig. 5.14 below:

Figure 5.14:- Ratio of Receivables to Sales of TTP from 1995-96 to 2007-08



Ratio of receivables to sales in TTP was at the level of one and above during many years, showing out standings in sales realization.

5.4.7 R&D and Application Support.

The amount spent by TTP for R&D during the period from 1997-98 to 2005 -06 is given in Table 5.17 below.

Table 5.17:- Annual expenditure on R&D in TTP from 1997-98 to 2005-06

| Year | Amount in Lakhs |
|---------|-----------------|
| 1997-98 | 722 |
| 1998-99 | 812 |
| 1999-00 | 1085 |
| 2000-01 | 757 |
| 2001-02 | 1025 |
| 2002-03 | 654 |
| 2003-04 | 1.38 |
| 2004-05 | 9.32 |
| 2005-06 | 8.20 |

Source: Annual Reports of TTP from 1995-96 to 2005-06

Though TTP was having an R&D set up since 1961 no project is seen to have materialized into commercially viable projects especially in development of different grades of pigment and development of coloured pigments. The major product of TTP was Anatase grade Titanium which was preferred to superior quality Rutile grade because of the exorbitant price of the latter grade. Liberalization and consequent reduction of import duty of Titanium brought down the price of Rutile grade Titanium at par with that of Anatase grade affecting the market potential of Anatase grade. None of the R&D projects is seen successful in expanding the usage of Anatase grade in allied sectors like plastics manufacturing nor could they extend application support for widening the scope of Anatase grade by the current consumers.

5.4.8 Employee Strength

No major exercise for manpower reduction was initiated in TTP. Number of employees was 1342 in 1995-96 and the strength remained at 1218 with a reduction of hardly above 100. The strength of employees during the period from 1995-96 to 2004-05 is shown in Table 5.18.

Table 5.18:- Employee strength of TTP from 1995-96 to 2007-08

| Year | Employee Strength |
|-------------|--------------------------|
| 1995-96 | 1342 |
| 1996-97 | 1521 |
| 1997-98 | 1491 |
| 1998-99 | 1498 |
| 1999-00 | 1487 |
| 2000-01 | 1440 |
| 2001-02 | 1357 |
| 2002-03 | 1306 |
| 2003-04 | 1257 |
| 2004-05 | 1218 |
| 2005-06 | 1133 |
| 2006-07 | 1117 |
| 2007-08 | 929 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

Employee strength from 1995-96 to 2005-06 is graphically presented in Figure 5.15.

5.5 KERALA STATE DRUGS AND PHARMACEUTICALS LTD.

5.5.1 Background

This company was incorporated on 23rd December 1971 for the manufacture of Drugs and Pharmaceuticals at Kalavoor in Alleppey District. The Company started as the drug manufacturing unit for the health department of Government of Kerala in Trivandrum and was subsequently shifted to the factory premises in Kalavoor near Alleppey, and started production in 1975. The unit was established with a project cost of Rupees One Crore. This fully owned drug company of the state government had installed production capacity for drug manufacturing as presented in Table 5.19

Table 5.19:- Installed Production Capacity of KSDP

| Sl. No. | Products | Unit | Capacity |
|---------|--------------|-----------|----------|
| 1 | Tablets | Lac Nos | 2514 |
| 2 | Powder Kg | -- | 7.16 |
| 3 | Capsules | Lac Nos | 117.32 |
| 4 | Liquids | Lac Ltrs. | 2.25 |
| 5 | Transfusions | | 4.50 |
| 6 | Vials | - | 15 |
| 7 | Ampules | | 60.00 |
| 8 | Vit. A | Mmu | 30.00 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

The Company has two major divisions namely a) The Formulation Plant and b) Vitamin A Plant.

Formulation Plant was the first unit and was performing better compared to the subsequently formed vitamin A Division. The plant had utilized its installed capacity of production up to 150% and had even made large profit during certain financial years up to 1997-98.

The major reason for the failure of this unit is pointed out as the policy change wherein the Government shifted to an open policy for procurement of drugs required for the State Health Department as a result of which KSDP had to compete with multinational giants for their supplies to Government. Though the Company had a direct marketing department functioning from its very inception, it failed to compete with the pharma majors in booking orders and in getting the right price from open market.

There was no technology upgradation for the formulation plant since its inception. The current plant and machinery which is more than 30 years old are not suitable for production under the latest Good Manufacturing Practices(GMP) and the Company now do not have a license for open marketing of its products. The unit now depends on exclusive supplies to government for its survival.

Vitamin A Plant

Vitamin A plant was started in 1980 with the free technology made available from Roche, Switzerland. The technology offered free was for manufacture of Vitamin A through the lemon grass root. The lemon grass root for production of Vitamin A was not followed elsewhere in the country and is not proved as a technology feasible in Indian conditions. The plant with an investment of Rs.15 crores could not be stabilized after repeated attempts. Finally the intermediary products were procured to produce Vitamin A in the plant. After all the attempts were futile the plant was closed down.

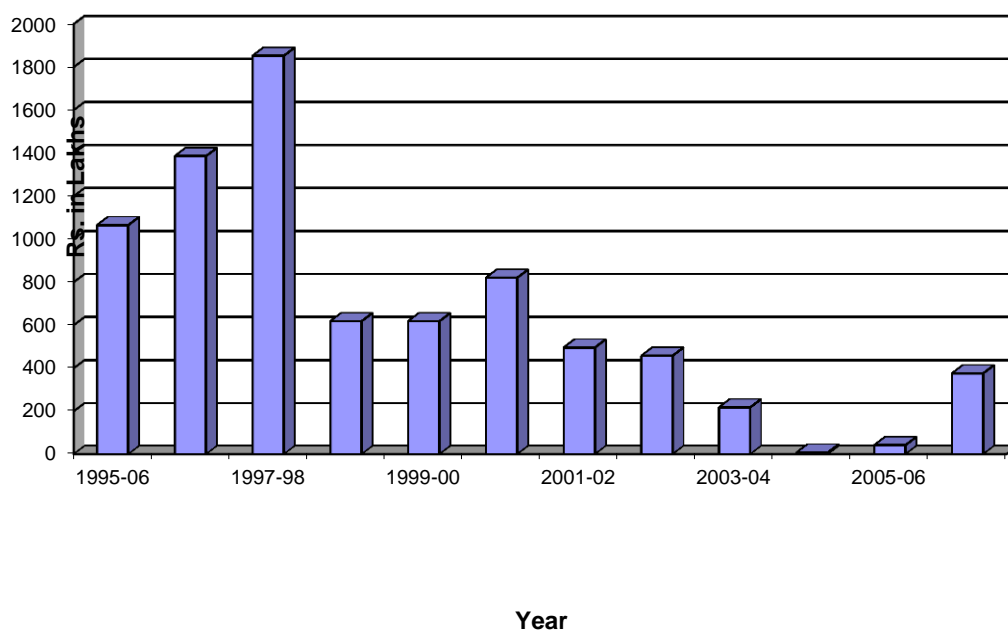
5.5.2 TURNOVER

The turnover of KSDP was declining year by year from 1998-99 onwards. Peak performance was a turnover of 1852 lakhs in 1997-98 which has declined as low as 7.67 Lakhs in 2004-05. The turnover of the company from 1995-96 to 2006-07 is shown in Table 5.20 below:

Table 5.20:- Turnover of KSDP from 1995-96 to 2006-07

| Year | TURN OVER (in lakhs) |
|-------------|-----------------------------|
| 1995-96 | 1064.7 |
| 1996-97 | 1385.7 |
| 1997-98 | 1852.1 |
| 1998-99 | 896.25 |
| 1999-00 | 617.94 |
| 2000-01 | 819.9 |
| 2001-02 | 495.65 |
| 2002-03 | 457.37 |
| 2003-04 | 217.38 |
| 2004-05 | 7.67 |
| 2005-06 | 41.97 |
| 2006-07 | 376.59 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

Figure 5.16-Turnover of KSDP from 1995-96 to 2006-07

5.5.3 Profitability

The Company has been making losses and the net worth has eroded and is negative. The loss made by KSDP from 1995-96 to 2006-07 is given in Table 5.21.

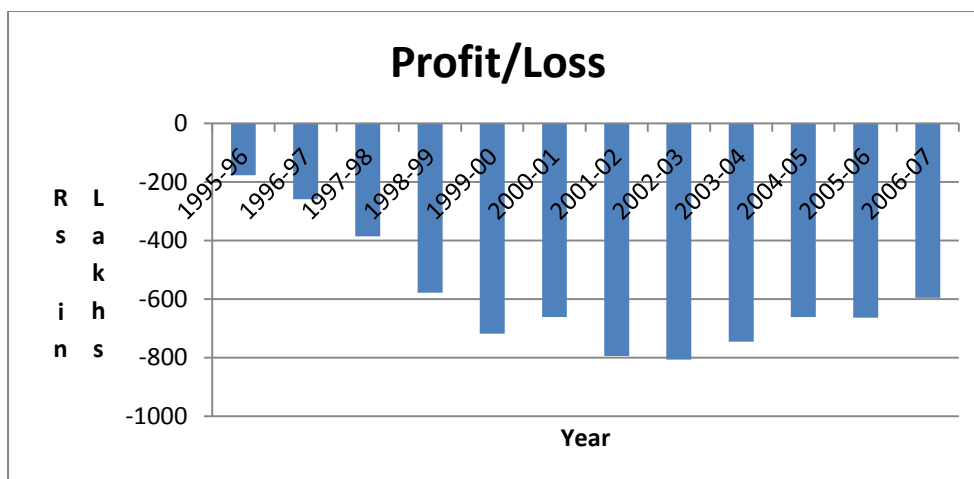
Table 5.21:- Loss of KSDP from 1995-96 to 2006-07

| Year | Amount (in lakhs) |
|---------|-------------------|
| 1995-96 | -177 |
| 1996-97 | -259 |
| 1997-98 | -386 |
| 1998-99 | -578 |
| 1999-00 | -718 |
| 2000-01 | -661 |
| 2001-02 | -795 |
| 2002-03 | -807 |
| 2003-04 | -746 |
| 2004-05 | -662 |
| 2005-06 | -664 |
| 2006-07 | -596 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

Loss figures for the same period is graphically represented in Figure 5.17.

Figure 5.17:- Loss of KSDP from 1995-96 to 2007-08



5.5.4 Ratio of receivables to sales

Ratio of Receivables to sales in KSDP has been always on the higher side, compared to that of profit making units. It has reached an all time high of 254.61 during the financial year 2004-05 as can be seen from Table-5.22 below.

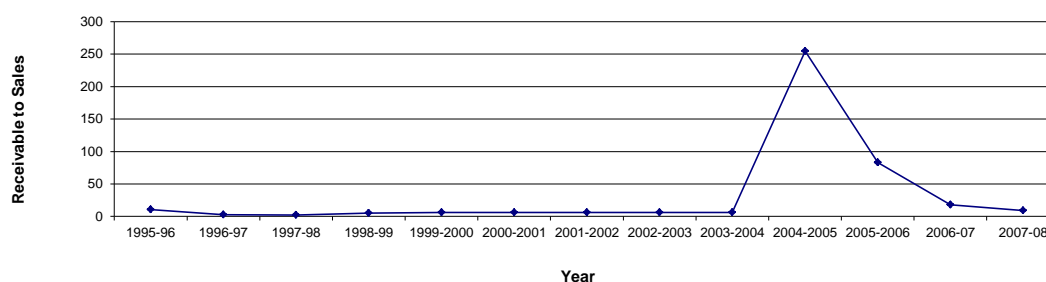
Table 5.22:- Ratio of Receivables to Sales of KSDP from 1995-96 TO 2007-08

| Year | Receivables to Sales (in lakhs) |
|---------|---------------------------------|
| 1995-96 | 10.58 |
| 1996-97 | 2.55 |
| 1997-98 | 2.38 |
| 1998-99 | 4.92 |
| 1999-00 | 6.24 |
| 2000-01 | 6.24 |
| 2001-02 | 6.24 |
| 2002-03 | 6.24 |
| 2003-04 | 6.24 |
| 2004-05 | 254.61 |
| 2005-06 | 83.25 |
| 2006-07 | 18.1 |
| 2007-08 | 9.29 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

Ratio of receivable to Sales from 1995-96 to 2007-08 is graphically represented in Figure 5.18 below:-

Figure 5.18- Ratio of Receivable to Sales of KSDP from 1995-96 to 2007-08



5.5.5 Employee Strength

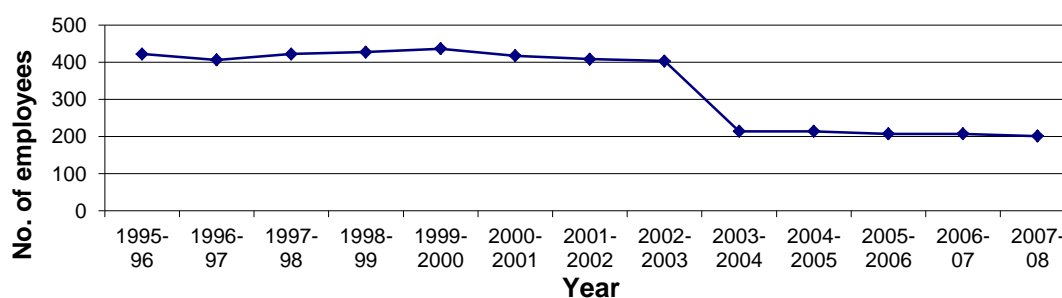
The Company offered Voluntary Retirement Scheme for employees to reduce the excess manpower. The strength of employees in KSDP which was 422 was brought down by this exercise to the level of 201 in 2007-08. Manpower reduction achieved through the VRS scheme also did not help the company to make its operations commercially viable.

Table5.23:- Employee strength of KSDP from 1995-96 to 2007-08

| Year | Employee Strength |
|---------|-------------------|
| 1995-96 | 422 |
| 1996-97 | 406 |
| 1997-98 | 422 |
| 1998-99 | 427 |
| 1999-00 | 436 |
| 2000-01 | 417 |
| 2001-02 | 408 |
| 2002-03 | 403 |
| 2003-04 | 214 |
| 2004-05 | 214 |
| 2005-06 | 207 |
| 2006-07 | 207 |
| 2007-08 | 201 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

Figure 5.19:- Employee strength of KSDP from 1995-96 to 2007-08



According to the present top management of the Company, the following are the major reasons for the failure of KSDP.

- 1) Government policy change to open market policy where by KSDP lost its monopoly in supply of drugs to state government.
- 2) Change in import policy, consequent to liberalization facilitated import of raw materials for pharmaceutical industry which affected the market of KSDP by way of increased competition from other pharmaceutical giants.
- 3) No technology up gradation or modernization was done in KSDP since its formation in 1974, which has badly affected the performance of the company resulting in denial of license for open marketing due to lack of facility for Good Manufacturing Practice.
- 4) Frequent changes in top management and lack of training and exposure for senior management staff.

5.6 TRAVANCORE COCHIN CHEMICALS LTD(TCC)

5.6.1 Background

The Travancore Cochin Chemicals Ltd., popularly known as TCC was established in 1950. The idea of establishing the unit was conceived by M/s Sheshasayee Brothers the then Managing Agents of FACT.

The venture was started as a partnership concern in the name Travancore Mettur Chemicals with FACT (The Fertilisers & Chemicals Travancore Limited) and MCIC (Mettur Chemicals and Industrial Corporation) as partners. In 1951 the partnership was registered as a Public Limited Company, with the State Government contributing the major share of equity and the company was then named as Travancore Cochin Chemicals Ltd. M/s Sheshasayee Brothers continued to be the managing agents for the next 10 years.

Commercial production of Caustic Soda from the first plant of 20 tpd capacity was started in January 1954. TCC is the first unit in India to manufacture Rayon grade Caustic Soda.

5.6.2 Stages of Growth

1956 - A continuous Caustic Fusion Plant of 20 tpd for producing Caustic Soda flakes.

1958 - Chlorine Liquefaction Plant

1960 - Capacity enhanced to 30 tpd further to 40 tpd., established new plant for manufacture of Sodium Hydrosulphate, 3 tpd capacity

1967 - 7 tpd Sodium Hydrosulphate, 60 tpd Caustic Fusion Plant , 4 tpd Iron free Sodium Sulphate

1975 - Added another 100 tpd Caustic Soda Membrane Unit thereby increased the production capacity to 200 tpd own Water Treatment Plant.

1997 -100 TPD Caustic Soda manufacturing unit using Membrane Technology.

1998- New CCF Plant in place of existing 60 tpd.

2005 -Addition 25 tpd

2006 -Addition 25 tpd

At present total installed capacity is 175 tpd.

5.6.3 Products of TCC

TCC manufactures mainly caustic soda and Hydrochloric acid. Two by products of TCC namely chlorine and sodium Hypochlorite are also in good demand and adds to the product range of TCC. The technology and product specification of all the products of TCC are given below:

CAUSTIC SODA

Caustic Soda is a basic alkali entering into the manufacturing of a host of articles of daily use like soap, paper, and textiles. There are various concentrations available which are used by different industries. Using this technology brings about 30% reduction in electrical power requirements. This is free from pollution hazards of mercury.

CHLORINE

Chlorine, a co-product obtained in the process of manufacturing of Caustic soda is an equally important basic chemical, inevitable for the manufacture of

plastics, textiles & paper, insecticides, pharmaceuticals etc. It is also renowned water purification chemical.

HYDROCHLORIC ACID & SODIUM HYPOCHLORITE

TCC also produces high-purity Hydrochloric Acid used for manufacture of ossein, which is exported for edible pharmaceutical application. Another by-product, sodium hypochlorite, finds its use in bleaching and disinfectant applications and also for extraction of rare earth materials.

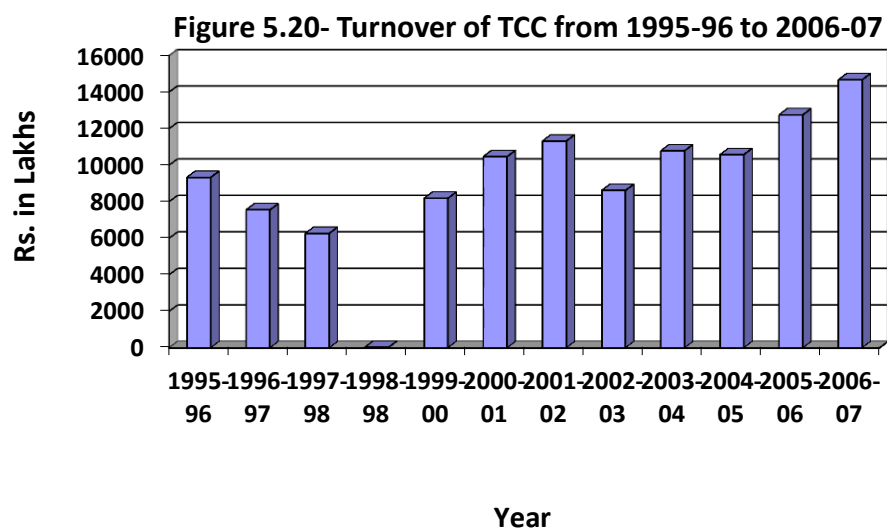
5.6.4 Turnover

The annual turnover of TCC, which was Rs.93.27 crores in 1995-96, dipped to 20 crores in 1998-99, and improved up to 146 crores after the turn around programme was successfully implemented.

Table 5.24:- Turnover of TCC from 95-96 to 2007-08

| Year | TURN OVER (Rs. in lakhs) |
|-------------|---------------------------------|
| 1995-96 | 9327 |
| 1996-97 | 7548 |
| 1997-98 | 6264 |
| 1998-99 | 20.4 |
| 1999-00 | 8178 |
| 2000-01 | 10466 |
| 2001-02 | 11321 |
| 2002-03 | 8612 |
| 2003-04 | 10785 |
| 2004-05 | 10569 |
| 2005-06 | 12754 |
| 2006-07 | 14665 |
| 2007-08 | 13269 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises



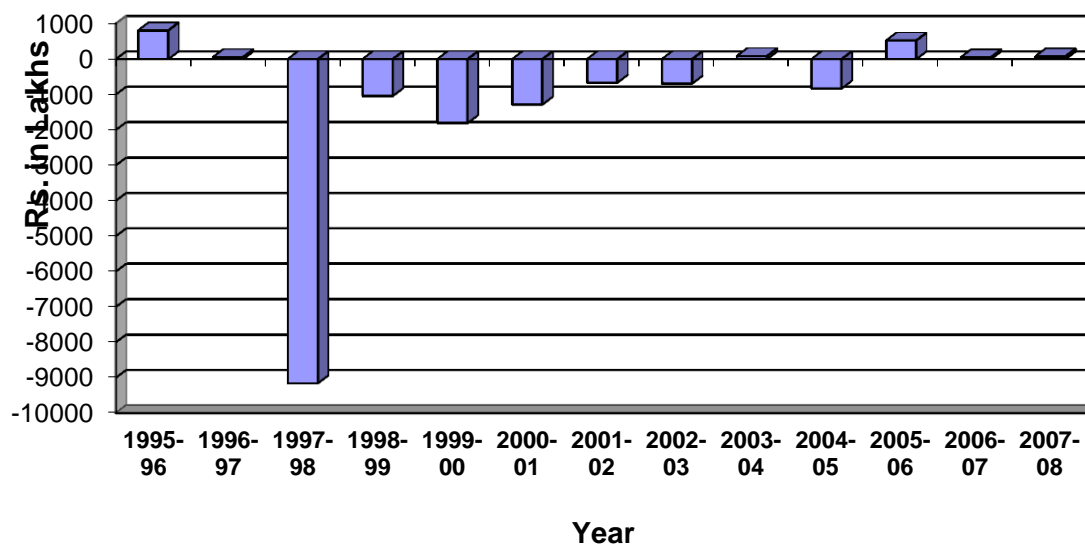
5.6.5 Profit

Profit of TCC from 1995-96 to 2007-08 is given in Table 5.25. The same data is graphically represented in 5.20.

Table 5.25:- Profit of TCC from 1995-96 to 2007-08

| Year | PROFIT (Rs. in lakhs) |
|---------|-----------------------|
| 1995-96 | 808.99 |
| 1996-97 | 54.47 |
| 1997-98 | -9153 |
| 1998-99 | -1041 |
| 1999-00 | -1804 |
| 2000-01 | -1281 |
| 2001-02 | -666 |
| 2002-03 | -691 |
| 2003-04 | 83 |
| 2004-05 | -829 |
| 2005-06 | 523 |
| 2006-07 | 48 |
| 2007-08 | 76 |

Figure 5.21:- Profit and Loss of TCC



5.6.6 Ratio of Receivables to Sales

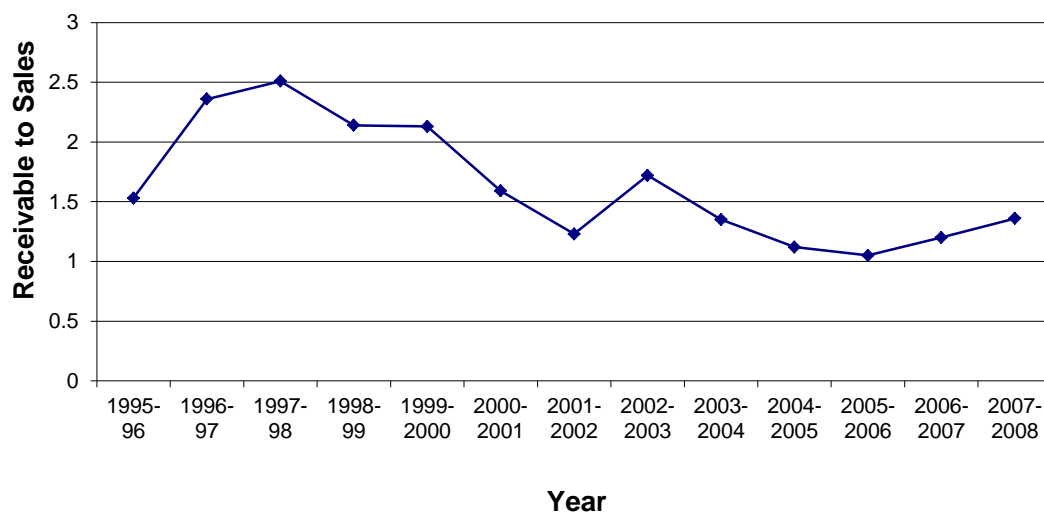
Ratio of receivables to sales of TCC for the period from 95-96 to 2007-08 is given in table 5.26 below. The same figures are graphically represented in figure 5.22 below:

Table 5.26:- Ratio of receivables to sales of TCC from 1995-96 to 2007-08

| YEAR | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Receivables to Sales | 1.53 | 2.36 | 2.51 | 2.14 | 2.13 | 1.59 | 1.23 | 1.72 | 1.35 | 1.12 | 1.05 | 1.2 | 1.36 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

Figure 5.22:- Ratio of Receivable to Sales of TCC from 1995-96 to 2007-08



5.6.7 Employee Strength

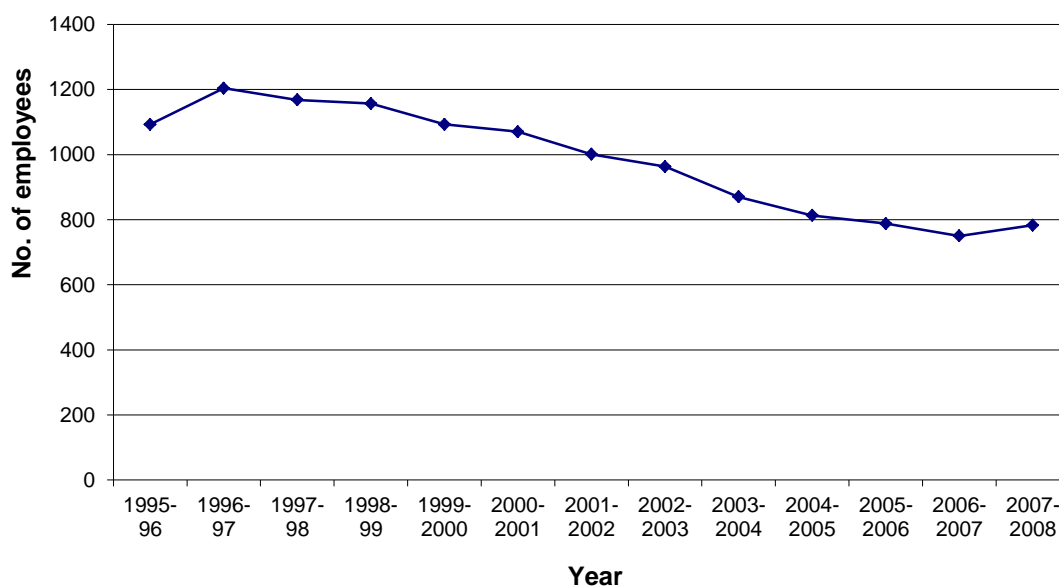
Employee strength of TCC from 1995-96 to 2007-08 is given in Table 5.27 below. The same is graphically represented in Figure 5.23.

Table 5.27:- Employee strength of TCC from 1995-96 to 2007-08

| Year | Employee Strength |
|---------|-------------------|
| 1995-96 | 1093 |
| 1996-97 | 1204 |
| 1997-98 | 1168 |
| 1998-99 | 1157 |
| 1999-00 | 1093 |
| 2000-01 | 1070 |
| 2001-02 | 1001 |
| 2002-03 | 963 |
| 2003-04 | 870 |
| 2004-05 | 813 |
| 2005-06 | 788 |
| 2006-07 | 750 |
| 2007-08 | 783 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

Figure 5.23:-Employee Strength of TCC from 1995-96 to 2007-08



5.7 TRAVANCORE CEMENTS LTD (TCL)

Travancore Cements Limited (TCL) was incorporated in 1946 for the manufacture of white cement from the locally available raw material namely white shell from Vembanadu Lake. The registered office and factory are located at Kottayam.

5.7.1 Background

TCL was incorporated under the Travancore Companies Act on 9/10/1946. The plant was originally set up to produce grey cement, making use of the lime shell reserves available in the Vembanad Lake, the back water of Kerala. Commercial production of grey cement started during the year 1949. The installed capacity of the plant was 50,000 tons of grey cement per annum. Having found that grey cement production is not economical, during the year 1956, the company started production of white cement also with some addition to the existing infrastructure. New machinery was added for white cement raw material grinding. Close circuit clinker grinding mill was installed and two clinker

storage silos were also set up. Oil firing was also introduced for the rotary kiln. New packing plant was set up for white cement packing.

Till the year 1974, both white cement and grey cement were produced from the same plant by distributing the production for certain months of the year. During the year 1974 grey cement production was stopped and the company switched over completely to white cement production, as grey cement production was not economical with lime shell.

Unlike other White Cement plants which uses Calcium Carbonate mineral mined from earth, TCL uses the outer shell of a living organism 'Clams' or better known scientifically as 'Villorita Cyprinoids'. The Travancore cements was the first company, perhaps in the whole world, to produce white cement from lime shell, which is considered to be one of the purest form of Calcium Carbonate available in nature. Lime shell contains around 99 % pure Calcium Carbonate. The fossil remains of thi clams are available buried in the back waters of Kerala especially in the Vembanad Lake. The lime shell dredged b TCL are many hundreds of years old. The other raw materials like White China Clay, Silica Sand and White Marine Crystal Gypsum which are used in white cement manufacture are equally pure and costly. All these unique and exquisite raw materials make TCL's 'Vembanad' brand white cement, one of the best white cements available in the country. Vembanad is the premium white cement sold in the Indian Market. Till the emergence of Birla and JK brands white cement in the Indian market, during mid 80's 'Vembanad' enjoyed monopoly in the Indian White Cement market. With the emergence of Birla and JK, TCL had to face stiff competition in the market.

During the year 1977, TCL diversified into the production of cement paint which is a value added product from White Cement under the brand name 'Shelcem' and this was later on modified and introduced as 'Super Shelcem'. Super Shelcem is one of the best cement paint available in the Indian market giving the maximum coverage per unit weight of material.

TCL was one of the prestigious companies of the Government of Kerala which was consistently running on profit and paying dividend even up to 50% to its share holders year after year.

However, this scenario changed from the year 2000-01. There has been unprecedented increase in the input cost, especially energy cost, both electrical energy and fuel oil. The cost of energy has increased many fold over the last few years. But the company could not increase the product price in proportion to the increase in energy cost as it is operating in a highly competitive environment.

5.7.2 Product Profile

The following are the White Cement based products manufactured by the company.

'Vembanad' brand White Cement – White cement manufactured in this company is from lime shell which is the purest form of Calcium Carbonate. This is the only white cement produced out of lime shell in the whole world. This is a much sought after product because of its quality. The product is marketed in 50kg, 5kg and 1kg bags.

'Super Shelcem' brand Cement Paint – Super Shelcem is a technically unique white cement based formulation with most durable ingredients. It is a mixture of White Cement with water proofing components, non fading oxide pigments, hardening agents and fungicides. This product is marketed in 25 kg, 5kg, 3kg and 1kg bags.

'Vembanad' brand Wall putty – considering the increasing demand for white cement based wall putty, TCL introduced a wall putty under the brand name 'Vembanad' and is being marketed in 5kg and 20 kg packing. This can be used for both interior and exterior applications.

5.7.3 Turnover

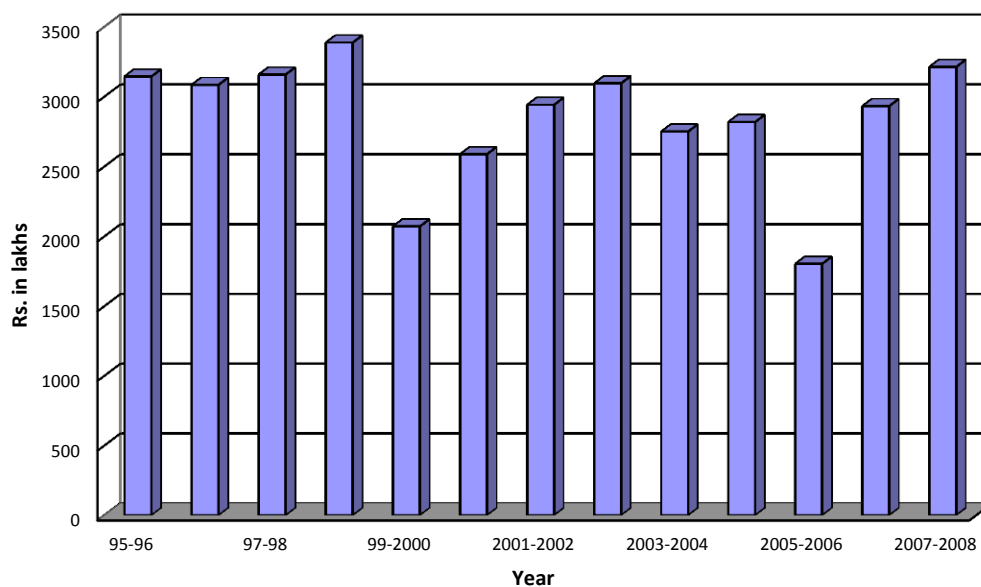
The turnover of Travancore Cements from 1995-96 to 2007-08 is given in Table 5.28 below. Turnover details from 1995-96 to 2007-08 is graphically represented in Figure 5.24.

Table 5.28:- Turnover of TCL from 1995-96 to 2007-08

| YEAR | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Turn Over (Rs.in lakhs) | 3144 | 3084 | 3158 | 3387 | 2071 | 2588 | 2941 | 3095 | 2750 | 2818 | 1803 | 2932 | 3213 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

Figure 5.24 :-Turnover of TCL from 1995-96 to 2007-08



5.7.4 Ratio of Receivables to Sales

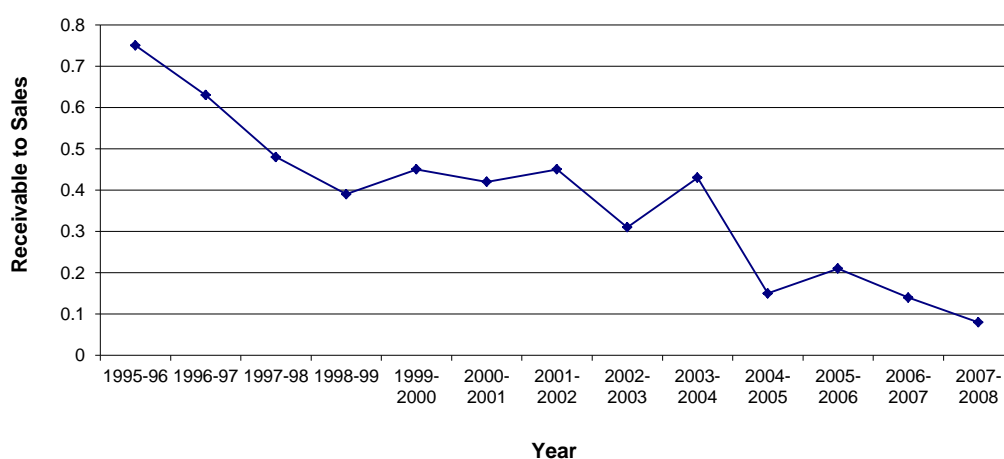
Ratio of receivables to sales of TCL from 1995-96 to 2007-08 is given in Table 5.29 below. It can be seen that the ratio has always been at levels below one, indicating a healthy position regarding collection against sales in TCL. Sales to receivables ratio for the period 1995-96 to 2007-08 is graphically represented in Figure 5.25.

Table 5.29:- Ratio of receivable to sales of TCL from 1995-96 to 2007-08

| YEAR | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Receivables to Sales | 0.75 | 0.63 | 0.48 | 0.39 | 0.45 | 0.42 | 0.45 | 0.31 | 0.43 | 0.15 | 0.21 | 0.14 | 0.08 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

Figure 5.25:- Ratio of Receivable to Sales of TCL from 1995-96 to 2007-08



5.7.5 Employee Strength

The employee strength of TCL from 1995-96 to 2007-08 is given in Table 5.30 below. Even though a manpower restructuring exercise was initiated in TCL through a study conducted by KSPC, the VRS scheme was not approved by Government. Employee strength in TCL which was 648 remains at the level of 563 by 2006-07. Employee strength in Travancore Cements Ltd. is graphically represented in Figure 5.26.

Table 5.30:- Employee strength of TCL from 1995-96 to 2007-08

| YEAR | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| No. of Employees | 648 | 673 | 586 | 571 | 562 | 542 | 544 | 591 | 585 | 575 | 584 | 563 | 539 |

Source: Review of Public Enterprises 1995-96 to 2007-08: Bureau of Public Enterprises

Figure 5.26:- Employee Strength of TCL from 1995-96 to 2007-08

