PROFILE OF THE SAMPLE UNITS

CHAPTER IV
PROFILE OF THE SAMPLE UNITS

MALABAR CEMENTS LIMITED
Walayar, Palakkad, Kerala - 678 624
Company Profile

Malabar Cements Limited is the only Major Portland Cement factory in the State of Kerala. The Company was incorporated in April 1978 and commenced production in 1984. This industrial unit having a capital outlay of Rs.68 crores has a paid up equity capital of Rs.26 crores and is fully owned by the Government of Kerala. The factory rated to produce 4.2 lakh tons of cement per annum (1200 TPD) had to face substantially much more teething troubles during the initial periods than normally expected in a cement plant of this size, resulting severe losses which had eaten away even the entire share capital. A number of short term and long term measures taken by the Company helped it to turn around and by the middle of 1993-94 the entire losses were wiped off. It is working profitably since then.

In terms of capacity utilisation, this plant has been operating above the national average of the cement industry and almost double that of the public sector cement units. During the year 1998-99 the capacity utilisation was 85.7% as against the industry average of 78.3%. The capacity utilisation of the public sector cement units during the year was only 32.6%. During the first half of the current financial year the company could
achieve a record capacity utilisation of 113.2%. The performance during the last five years is given below:

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement Production (lakh MT)</td>
<td>3.84</td>
<td>3.65</td>
<td>2.79</td>
<td>3.81</td>
<td>3.60</td>
</tr>
<tr>
<td>Cement Sales     (lakh MT)</td>
<td>3.86</td>
<td>3.59</td>
<td>2.79</td>
<td>3.84</td>
<td>3.60</td>
</tr>
<tr>
<td>Capacity utilisation (%)</td>
<td>91.4</td>
<td>87.0</td>
<td>66.5</td>
<td>90.8</td>
<td>85.7</td>
</tr>
<tr>
<td>Turnover (lakh Rs.)</td>
<td>9392</td>
<td>10135</td>
<td>8711</td>
<td>11468</td>
<td>10318</td>
</tr>
<tr>
<td>Net profit before Tax (lakh Rs.)</td>
<td>1330</td>
<td>2473</td>
<td>1498</td>
<td>2004</td>
<td>919</td>
</tr>
</tbody>
</table>

Despite there was severe competition in the market the Company could earn a net profit before tax of Rs.919 lakhs for the year 1998-99. This was possible by implementing stringent cost effective measures.

Financial Position

The Company has substantially cleared the debt burden during the period. Out of the total long term loan, substantial portion of the principal amount has been repaid. The installments of interest have also been paid in time and there has been no instance of default. The accumulated net profit as on 31.3.1999 is Rs.4797 lakhs. Various modification and technological upgradation projects were carried out by the company's own fund.
Contribution to Government Exchequer

The contribution to the Government Exchequer by way of Excise Duty, Sales Tax, Income Tax and Royalty in a year is more than the Equity contribution of the Government. Apart from the above contributions, the company declared dividend to the Government for the last four years. The contribution to the Exchequer during the last four years is given below:

(Figures in Rs. Lakhs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Excise Duty</td>
<td>1276.99</td>
<td>1256.59</td>
<td>978.72</td>
<td>1345.45</td>
<td>1261.36</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>981.63</td>
<td>971.27</td>
<td>949.58</td>
<td>1171.57</td>
<td>1046.40</td>
</tr>
<tr>
<td>Income Tax</td>
<td>--</td>
<td>883.00</td>
<td>655.00</td>
<td>695.00</td>
<td>250.00</td>
</tr>
<tr>
<td>Royalty</td>
<td>106.76</td>
<td>114.36</td>
<td>78.63</td>
<td>104.31</td>
<td>124.51</td>
</tr>
<tr>
<td>Dividend</td>
<td>--</td>
<td>130.00</td>
<td>130.00</td>
<td>195.00</td>
<td>195.00</td>
</tr>
<tr>
<td>Total</td>
<td>2365.38</td>
<td>3355.22</td>
<td>2791.93</td>
<td>3511.33</td>
<td>2877.27</td>
</tr>
</tbody>
</table>

The Process & Technology

Crystalline limestone, mechanically mined from the rugged hill ranges of Walayar region on the northern side of 'Palakkad gap' is crushed in a two-stage crushing system at the Mines. The crushed limestone is screened, and then conveyed to a stockpile at the plant site by a 6.28 KM monocable aerial ropeway to a preblending stacker reclaimer system for pre-homogenisation. Pre-homogenised and correctly proportioned raw mix
using electronic weigh feeders is finally ground in a raw grinding mill and then transported by Bucket elevators to homogenising silos. This raw meal is then passed to the rotary Kiln through the four stage suspension preheater. The Clinker thus produced is cooled in high efficiency grate cooler. The Clinker is ground in a ball mill with proper blend of gypsum and fly ash to produce Cement.

Malabar Cements has the state-of-the art, dry process technology for manufacturing superior quality cement - much above the Bureau of Indian Standards. The most modern technological features such as Precision Control of all feeding systems by most modern electronic weigh feeders with closed loop control, optimised operation using centralised Kiln and Cooler control with Kiln fuzzy Logic control system, effective monitoring and control of process parameters through extensive instrumentation with computer backup, etc. ensure the superior quality, and the dedicated quality control system makes double sure the consistency of quality.

The Product & Market

Malabar Cement is famous for superior quality - claim thousands of customers spread throughout the State of Kerala. It is the quest for excellence. 'Malabr Super' (43 grade OPC) and Malabar Classic (PPC) are the two premium brands manufactured and marketed by the company.
Malabar Cements has the largest dealer network in Kerala for cement sales, i.e., more than 500 retail outlets.

**ISO Certification**

The Company obtained the recognition of ISO 9002 certification from the Bureau of Indian Standards accredited by Raad Voor Accreditatie, Netherlands, in November 1996. The ISO 9002 certification is a rededication of its commitment to customer satisfaction. Malabar Cements is the first public sector cement company to receive this distinction. This is an important milestone in the Company's march towards Total Quality Management.

**Projects**

Various projects were implemented by the Company's inhouse project management team without resorting to any external support thereby developing the technical talent of its own team. The first 2.5 MW multi-fuel power plant of the Company was commissioned in June 1998 to complement 25% of total power requirement. The erection and commissioning of this Rs.850 lakh project was completed within the shortest possible time and is the largest single project ever undertaken by the Malabar Cements Ltd.
Two Belt bucket elevators were installed, by spending Rs.275 lakhs, to replace the energy intensive conventional pneumatic transport system as measure of energy conservation. As part of mill modification the mill internals of the Cement Mill were changed with classifying liners and flow control diagram during September 1998. This will improve the productivity and energy consumption in the cement mill. To render better customer service ensuring accurate weight in each bag of cement packed from the company modernisation activities of the packing plant is already commenced.

Management

The management of the company is vested in the hands of a Board of Directors Comprising of a Chairman, a Managing Director and Directors. The Government of Kerala appoint Directors from time to time. The representatives of the bankers and other contributing agencies, like LIC are nominated to the board.
Organisation Structure

Chairman / Board of Directors
- MD
- GM (W)
- GM (C)
  - FM
  - DGM(E)
  - DGM(TS)
  - DGM(M)
    - MPA
    - CC
    - PM
    - CE(M)
    - CE(E)
    - MMAT
    - SM
    - IRO

MD
FM
GM(W)
GM(C)
DGM(E)
DGM(TS)
DGM(M)
MPA
CC
PM
CE(M)
CE(E)
MMAT
SM
IRO

Managing Director
Finance Manager
General Manager (Works)
General Manager (Commercial)
Dy. General Manager (Engg.)
Dy. General Manager (Tech. Services)
Dy. General Manager (Mines)
Manager (Personnel & Admn.)
Chief Chemist
Production Manager
Chief Engineer (Mech.)
Chief Engineer (Electrical)
Materials Manager
Sales Manager
Industrial Relations Officer
The work force

There are about 1100 employees in the MCL. They are classified as Non-managerial employees, Managerial employees and the casual labour pool. The break-up of the employees are as follows:

<table>
<thead>
<tr>
<th>Employees</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-managerial Employees (workers)</td>
<td>860</td>
</tr>
<tr>
<td>Managerial Employees (officers)</td>
<td>100</td>
</tr>
<tr>
<td>Casual Labour Pool</td>
<td>130</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1090</td>
</tr>
</tbody>
</table>

**Wage Structure**

Workers are classified into Operatives and Tally checkers, Clerical, Lower grades on the basis of their service and are divided as unskilled, semi skilled, skilled, Highly skilled and supervising. The operatives are graded as follows:

**Table**

<table>
<thead>
<tr>
<th>Grade</th>
<th>Wage structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Rs.630-26 x 20 = 1150</td>
</tr>
<tr>
<td>B</td>
<td>Rs.590-20 x 20 = 990</td>
</tr>
<tr>
<td>C</td>
<td>Rs.559-15 x 20 = 859</td>
</tr>
<tr>
<td>D</td>
<td>Rs.533-11 x 20 = 753</td>
</tr>
<tr>
<td>E</td>
<td>Rs.520-8 x 20 = 680</td>
</tr>
</tbody>
</table>
The tally checkers, clerical, lower technical and supervisory staff are graded as follows:

Table

| TC  | Rs.545 - 13 x 20 = 805 |
| I   | Rs.560 - 16 x 20 = 880 |
| II  | Rs.580 - 20 x 20 = 980 |
| III | Rs.600 - 22 x 20 = 1040 |
| IV  | Rs.625 - 28 x 20 = 1185 |
| V   | Rs.650 - 32 x 20 = 1290 |
| VI  | Rs.675 - 36 x 20 = 1395 |
| VII | Rs.700 - 40 x 20 = 1500 |

Welfare Measures

The Malabar Cements Ltd. undertake the following labour welfare measures.

Uniform clothes: Two pairs of cloth for pants and shirts are given to the employees alongwith stitching charges @ Rs.200/- twice a year. A safety shoe is issued to all employees once in a year.

Other safety measures like rain coat, helmet, face masks, gum boot, wollen jersy, goggles etc. are provided to those workers who work in plants, mines and workshops.
A dungy cloth of .5 metre is allowed twice a year and a life bouy soap once in a month to the technical employees.

Heat Allowance

Heat allowance at the rate of 5% of the basic salary is granted to those working in specified area.

Dust Allowance

The company provides dust allowance, 60 grams of jaggery and 20 grams of coconut oil per worker per day.

Washing Allowance

A washing allowance at the rate of Rs. 10 per month is given to all employees.

Acting Allowance

Acting allowance is given as an amount equal to the difference in the basic pay.

Heavy Duty Allowance

Those operating heavy equipments, heavy duty allowance is given at the rate of Rs.26/- per month.
Dearness Allowance

D.A. is based on consumer price index.

Conveyance Allowance

Workers are allowed conveyance allowance @ Rs.150/- per month. Officers get car allowance @ Rs.360/- pm and scootter allowance @ Rs.135/- pm.

The company operates a vehicle between Walayar and Palakkad. School children of employees, employees and residents in the company's township also make use of this facility.

Education Allowance

Education Allowance is given @ Rs.80/- pm. to the employees except officers. Further the company advances Rs.1000/- for education expenses during the period of reopening of schools and colleges.

Medical Facilities

A full fledged dispensary is functioning in the township with two ambulances and full time doctor and attendents.

Employees can get reimbursement of medical expenses to the extent of 1.5 times of their basic pay annually. For treatment due to accidents while on duty, full salary is paid for the period of treatment.
Leave, P.F., Gratuity, Pension etc.

The company allows casual leave for 7 days and earned leave @ one day for every 20 days worked. Officers get privilege leave for 30 days in lieu of earned leave.

A contributory Provident Fund is available in which a maximum of 10% of the basic salary can be deposited by the employees and an equal amount will be contributed by the company.

Gratuity is allowed @15 days salary for every completed year of service. Six days full pay leave is allowed for family planning surgery.

There is no pension scheme prevailing in the company except the family pension scheme as per the EPF Act.

Other Welfare Measures

Quarters: The company has constructed 300 quarters in the township. There is a recreation club, a library, an open air theatre, a ladies club etc. in the township. A Kinter Garden, post office, telephone exchange etc. are also functioning in the township. The employees have opened a Consumer Co-operative Society in the township which cater all items including provisions.

A subsidised canteen is working in the factory premises. There are sufficient rest rooms and provision of washing facilities in all sections.
There is active involvement in sports and games also. The company sponsors three teams viz. Foot ball, Volley ball and Badminton who participate in the district level competitions during the May day celebrations.

Employees' Welfare Fund

It is a fund created jointly to provide financial assistance for medical treatment, accident etc. or at the time of retirement or death. Workers subscribe @ Rs.50 per month to the fund and an equal amount is contributed by the company too.

Housing Loan Scheme

It is a new scheme to assist the housing needs of the employees. Those who have completed 10 years of service, are eligible to avail this loan @ 40 times of basic pay or Rs.100000, whichever is less. Interest will be charged @ 9% and the loan amount will be reimbursed in 15 years.

Vehicle Loan Scheme

This is also a recently introduced scheme where by the employees and officers are eligible to get loan facilities to own vehicles. A car loan @ 20 times of the basic pay or Rs.100000 which ever is less @ 15% interest will be granted to the officers. Similarly, the workers are provided with a Scootter loan of a maximum of Rs.16000/- @ 9% interest.
The plant works three shifts a day ie. 6 AM to 2PM, 2 to 10 PM and 10 PM to 6 AM alongwith a general shift, mainly for office staff, from 8.30 AM to 5 PM.

It requires special mention that the company lost not a single day since the commencement of production in 1984, due to strikes, lay off or lockout etc. There are trade unions with different political affiliations, but there exists a cordial atmosphere among them. The company conducts refresher courses, training programmes etc. to the employees to help career development and improve efficiency.

Trade Unions

There are three registered trade unions in the company:

MCLEU : Malabar Cements Ltd. Employees' Union sponsored by CITU
MCLEA : Malabar Cements Ltd. Employees' Association formed under INTUC
MCLSU : Malabar Cements Ltd. Staff Union formed as an independent association.

These unions extend creative support for the smooth functioning of the company since its inception.
Industrial Relation

Industrial relations has all along been peaceful and cordial. It would appear as a legend that there was no mandays lost either due to strike or lock out since 1985. Issues concerning the employees are discussed across the table and settled then and there. A Welfare fund, a Housing Loan Scheme and a scheme for reimbursement of interest subsidy have been implemented during the last year as welfare measures to the employees.

THE COMMONWEALTH TRUST INDIA LIMITED

The Christian missionaries who disembarked at the beautiful coast of Calicut on 14th October 1834, went to Mangalore and set up the Basel Mission. Along with the missionary work, the mission started schools and built churches and made attempts to rehabilitate the new converts. The Basel Mission Industries came into existence to provide ways and means of livelihood for their first converts.

The first lithographic press was set up in 1841 followed by a weaving unit in 1844. A book binding department was started in 1854 and a carpentry unit in 1856 at Calicut.

In the year 1865, the first tile factory was started at Jeppoo, Mangalore, the second one at Calicut in 1873, the third in 1882 at Kudroli, a suburb of Mangalore, the fourth one at Malpe, near Udi in 1886, the fifth
factory at Codacal, near Edakulam, the sixth at Palghat and the seventh tile factory at Feroke in the year 1905. The wide range of finished products manufactured by these units include flat roofing tiles, ridge tiles - both plain and ornamental, sky-lights and ventilators, ridge and hip terminals and finials of various kinds, grooved spire tiles, hanging wall tiles, ceiling tiles of varying designs, houmdis or ceiling slabs, common and ornamental clay flooring tiles, victoria cement flooring tiles, well and chimney bricks, salt-glazed stone and earthen ware drainage pipes, terracotta vases, flowerpots, architectural terra-cotta ware etc.

In 1919, by the fall out of 1st world war, The Basel Mission Industries was taken over by the British Government and a new company was incorporated under the name, "The Commonwealth Trust Limited" to look after the commercial ventures. Commonwealth Trust Limited was formed on the understanding that the netprofits of the company after paying a fixed dividend of 5% per annum shall be paid over to the trustees of the Commonwealth Education and Welfare Trust (CEWT) for application of such amount for charitable purposes.

In 1977, as a result of the operation of the Foreign Exchange Regulation Act (FERA) and the Government of India's policy of indianisation of foreign companies, the company was passed on to the Indian hands under the name and style of "The Commonwealth Trust (India) Limited," with its registered office at Calicut.
At present the company has five tile factories and two handloom weaving factories, in which nearly 2500 people, are working. Out of these about 650 to 700 are working in the textile factories and the rest in the tile factories.

The Commonwealth Trust India Ltd. is the pioneer in India for the manufacture of terracotta tiles and hand-wooven fabrics. The products of the company are well known for their quality and the brand name "COMTRUST" has come to be widely recognised as a symbol of quality and trust both in India and abroad.

It redounds to the Company's credit that it has been able to maintain the noble tradition of service to the public set by its founders - The German Basel Mission - as back as one hundred and fifty years, even to this day. The latest example is the multimillion rupee eye hospital at Calicut, the foundation stone being laid by the President of India on February 10, 1995. This eye hospital now meets much felt needs of the people of this region and is a true reflection of the humanitarian work of the company.

The tile and textile factories of Commonwealth Trust India Limited acquired the prestigious ISO 9002 certificate during the year 1997 and became the first handloom textile and clay tile producer in India to bag it. In 1998 the company was awarded the ISO 9000 certificate by The BVQI, Netherland for the two textile factories and the tile factory at Feroke. This
is for the first time that handloom weaving factories and a terracotta tile factory are conferred with this meritous award in the Asian continent. The company has also acquired the ISO 9001 certificate from the BVQI.

Ownership and Capital Structure

The Commonwealth Trust India Ltd. is a public limited company in the private sector. The ownership of the company is vested in the shareholders contributing to the total capital of 125000 equity shares of Rs.10/- each. i.e. Rs.12,50,000. It follows a stable dividend policy where the average rate of dividend is 15% for the last five years. The company runs a charitable trust to which all profits after paying dividends to the shareholders are appropriated, for the relief of the poor.

Organisation Structure

Comtrust is administered by a board of directors consisting of nine members including a Chairman and Managing Director. The Chairman is the head of the Board and has ultimate control over the affairs of the company and other important matters. The Managing Director is assisted by General Managers and Deputy General Managers. The tile and textile divisions have separate managers. The board meets atleast four times in a year on quarterly basis. The company conducts annual general meeting once in a year. The period of the Board is three years.
Manufacturing Activities

The company employs about 2500 employees, out of which about 600 workers are employed in the textile division and 1900-2000 workers in the Tiles division. The two handloom weaving textile factories are situated in Calicut and the tile factories at Feroke, Puthiyara and Olavakkode in Kerala and Jeppoo and Kudroli in Mangalore. Among the tile factories, Feroke Tiles is the largest one and there are two units working under it. The popular brands are BASEL MISSION, TRUST, FORT and SUPER FORT.
The tile factories produce roofing tiles, ridges, terrace slabs, hourdis, ventilating tiles, skylight tiles, flooring tiles, flower pots, water coolers, goglets etc. and to add in the list, the latest being the glazed tiles.

**Installed Capacity**

A. Tiles

<table>
<thead>
<tr>
<th>Factory</th>
<th>No. of pieces per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Olavakkode</td>
<td>50,00,000</td>
</tr>
<tr>
<td>Feroke</td>
<td>1,19,60,000</td>
</tr>
<tr>
<td>Puthiyara</td>
<td>52,92,000</td>
</tr>
<tr>
<td>Jeppoo, Mangalore</td>
<td>79,32,000</td>
</tr>
<tr>
<td>Kundroli</td>
<td>77,12,000</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,78,96,000</td>
</tr>
</tbody>
</table>

B. Textiles

- Calicut : Handloom 270 looms
- Power loom 3 looms
- Beach Road, Calicut 109 looms
Performance at a glance: The overall performance of the company with major indicators:

<table>
<thead>
<tr>
<th></th>
<th>1993-94</th>
<th>94-95</th>
<th>95-96</th>
<th>96-97</th>
<th>97-98</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production pieces</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(in lakhs) Tiles only</td>
<td>328</td>
<td>325</td>
<td>323</td>
<td>314</td>
<td>274</td>
</tr>
<tr>
<td>Sales (Rs. lakhs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Tiles + Textiles)</td>
<td>1273</td>
<td>1542</td>
<td>1863</td>
<td>2008</td>
<td>2137</td>
</tr>
<tr>
<td>Profit before tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Rs. lakhs)</td>
<td>59.59</td>
<td>36.00</td>
<td>38.57</td>
<td>20.31</td>
<td>(53.96)</td>
</tr>
<tr>
<td>Provision for Tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Rs. lakhs)</td>
<td>13.00</td>
<td>10.18</td>
<td>3.50</td>
<td>6.19</td>
<td>--</td>
</tr>
<tr>
<td>Reserves and surplus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Rs. lakhs)</td>
<td>652</td>
<td>668</td>
<td>687</td>
<td>695</td>
<td>636</td>
</tr>
<tr>
<td>Fixed Assets (Gross Block) (Rs. lakhs)</td>
<td>715</td>
<td>746</td>
<td>789</td>
<td>811</td>
<td>859</td>
</tr>
<tr>
<td>Earnings in Foreign exchange (Rs. lakhs)</td>
<td>278</td>
<td>302</td>
<td>393</td>
<td>475</td>
<td>385</td>
</tr>
<tr>
<td>Staff expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Wages, salaries etc. (Rs. lakhs)</td>
<td>587</td>
<td>664</td>
<td>807</td>
<td>936</td>
<td>934</td>
</tr>
</tbody>
</table>

Inspite of the steady increase in turnover, the company's profitability aspects are showing a declining trend over the years under review. Further, the company has incurred a heavy loss in the year 1997-98 along with a steep fall in the production of tiles. The major chunk of the foreign exchange comes from the export of textiles which has also declined considerably in the year 1997-98.
Commonwealth Trust Ltd.

Profit before Tax

Rs. in lakhs

93-94  94-95  95-96  96-97  97-98

Year

Profit before tax
As a joint venture with Redlands International PLC., U.K., Comtrust has started a glazed clay tile roofing project at Feroke.

**Feroke unit**

The Commonwealth Tiles Ltd., Feroke, being the largest tile unit, produces over one lakh tiles per day. The factory has two modern mechanised units - 'A' unit and 'B' unit. Both the units have utilised about 98% of the capacity. There are 505 workers in the roll, grouped in five categories as A, B, C, D and E.

**Wage structure**

The wage structure in force for the five categories are:

<table>
<thead>
<tr>
<th>Category</th>
<th>Pay in Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1310-13-1375-16-1455-19-1550-22-1660</td>
</tr>
<tr>
<td>B</td>
<td>1295-12-1355-15-1430-18-1520-21-1625</td>
</tr>
<tr>
<td>C</td>
<td>1280-11-1335-14-1405-17-1490-20-1590</td>
</tr>
<tr>
<td>D</td>
<td>1265-10-1315-13-1380-16-1460-19-1555</td>
</tr>
<tr>
<td>E</td>
<td>1250-9-1295-12-1355-15-1430-18-1520</td>
</tr>
</tbody>
</table>

A dearness allowance of Rs.1358/- and a flat rate of Rs.180/- on all these scales are allowed in addition to the pay.
Welfare measures

**Provident Fund:** A 12% contributory Provident Fund is existing in the company. An amount equal to the money deposited by the employees are contributed by the company.

**Medical facility:** The statutory ESI facility is applicable to the employees.

**Benevolent Fund Scheme:** A new scheme introduced, where both the company and workers contribute in the proportion of ¼th; ¾th respectively. Out of the fund, scholarship is given for the children of employees, a retirement benefit of Rs.750/- as a lumpsum is paid, a maximum non-refundable allowance of Rs.2000/- for medical treatment expenses is paid, group insurance premium is also paid.

**Death benefit:** An amount of Rs.3500/- is paid as a lumpsum at the time of death of employees.

**Leaves:** Ten days casual leave and earned leave of one day for every 20 days of work is also available.

**Women welfare scheme:** The scheme is to imbibe vocational training to the girl children of employees in trades of stitching, embroidery, book binding etc.
**Employees Recreation Club:** There is an employees recreation club involved in sports and games in view of the annual day celebrations. Every year, 25th January, is celebrated as the Annual Day.

**Charitable Trust:** There is a charitable trust to which the profit in excess of the dividend payment @ 15% is credited. The fund will be utilised for charity purposes such as scholarship for the children of employees, medical treatment expenses etc. Eye care treatment at concessional rates are offered at the company's eye hospital at Calicut.

Textile materials are given to employees at concessional rates on instalment basis.

**Canteen:** A full fledged canteen is functioning in the factory premises which offers subsidised food for the workers: Tea @ 30 paise snacks @30 paise and a vegetarian lunch @ Rs.2.10.

**Trade Unions**

There are different trade unions affiliated to various political parties such as:

Calicut Tile Manufacturers' Association in which the company is a member.

Tile Workers Union, affiliated to the CITU.

Tile Workers Labour Union, affiliated to the INTUC.
Feroke Area Tile Workers Union affiliated to the INLC of Congress S.

AITUC Tile Workers Union, affiliated to the AITUC.

Staff Level Associations

Mercantile Employees Association, affiliated to INTUC.

Comtrust Staff Association, affiliated to CITU and

Cochin Commercial Employees Association (Independent).

Industrial Relations

The multiplicity of trade unions backed by political interests, at times, lead to some sort of restlessness between the management and the employees. Still, wilful attempts are made to bring the matter of dispute to the table where both the representatives discuss it with mutual consensus.

GRASIM INDUSTRIES LIMITED, MAVOOR

Grasim Industries Limited was established in the year 1947 as a small textile manufacturing unit under the name of "Gwalior Rayon Silk Manufacturing (Weaving) Company Limited." Later on the Company Changed its name to "Grasim Industries Limited", with its registered office at Birlagram, Nagda (Madhya Pradesh).

Grasim is one of the largest and lowest cost manufacturer of Viscose Staple Fibre globally. It has built significant brand equity in the suitin
fabrics market also. Grasim's "Gwalior Suitings" and "Graviera" brands have been successfully built on a distribution net work that spans over 185 franchisee showrooms. Grasim is also a major player in the Indian Cement Industry. The diversified manufacturing activities could lead Grasim to the position of market leader in the world. G.D. Birla, the founder, became the chairman of the company in 1952, in whose tenure Grasim Industries Ltd. flourished to be a multi-product and multi-locational company. Later Aditya Vikram Birla (1943-1995) the grandson of G.D. Birla, became the chairman of the group of companies known by the name A.V. Birla group companies.

The multiple range of products of Grasim include Viscose Staple Fibre, Rayon grade pulp, textiles, Cement, sponge iron, white cement, caustic soda, sodium sulphate and software; produced from plants situated at different parts of the country, namely:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Activity</th>
<th>Location</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Staple Fibre Division</td>
<td>Nagda</td>
<td>MP</td>
</tr>
<tr>
<td>2</td>
<td>Staple Fibre Division</td>
<td>Mavoor</td>
<td>Kerala</td>
</tr>
<tr>
<td>3</td>
<td>Pulp Division</td>
<td>Harihar</td>
<td>Karnataka</td>
</tr>
<tr>
<td>4</td>
<td>Pulp Division</td>
<td>Mavoor</td>
<td>Kerala</td>
</tr>
<tr>
<td>5</td>
<td>Textile Division</td>
<td>Gwalior</td>
<td>MP</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>6.</td>
<td>Textile Division</td>
<td>Bhiwani</td>
<td>Haryana</td>
</tr>
<tr>
<td>7.</td>
<td>Spinning Division</td>
<td>&quot;</td>
<td>&quot;</td>
</tr>
<tr>
<td>8.</td>
<td>Vikram Cement</td>
<td>Jawad</td>
<td>MP</td>
</tr>
<tr>
<td>9.</td>
<td>Grasim Cement</td>
<td>Raipur</td>
<td>MP</td>
</tr>
<tr>
<td>10.</td>
<td>Aditya Cement</td>
<td>Shambhupure</td>
<td>Rajasthan</td>
</tr>
<tr>
<td>11.</td>
<td>Sponge Iron Division</td>
<td>Raigarh</td>
<td>Maharashtra</td>
</tr>
<tr>
<td>12.</td>
<td>Vikram Ispat</td>
<td>&quot;</td>
<td>&quot;</td>
</tr>
<tr>
<td>13.</td>
<td>Vikram Shipping Division</td>
<td>&quot;</td>
<td>&quot;</td>
</tr>
<tr>
<td>14.</td>
<td>Engineering Division</td>
<td>Nagda</td>
<td>MP</td>
</tr>
<tr>
<td>15.</td>
<td>Engineering Division</td>
<td>Harihar</td>
<td>Karnataka</td>
</tr>
<tr>
<td>16.</td>
<td>Chemicals Division</td>
<td>Nagda</td>
<td>MP</td>
</tr>
<tr>
<td>17.</td>
<td>Grasilene Division</td>
<td>Harihar</td>
<td>Karnataka</td>
</tr>
<tr>
<td>18.</td>
<td>Birla Consultancy and Software Services</td>
<td>Mumbai</td>
<td>Maharashtra</td>
</tr>
<tr>
<td>19.</td>
<td>Birla Industrial Marketing Corporation</td>
<td>Delhi</td>
<td>Delhi</td>
</tr>
<tr>
<td>20.</td>
<td>Birla Cellulose Division</td>
<td>Birladham (Karoch)</td>
<td>Gujarath</td>
</tr>
</tbody>
</table>

**Capital Structure and Performance**

The authorised capital of Grasim Industries Ltd. is Rs.80.5 crores out of which the issued, subscribed and paid up capital is Rs.72,31,39,700/- (Rupees seventy two crores thirty one lakh thirty nine thousand and seven hundred only).
The performance during the last five years is given below:

(Figures in Rs. crores)

<table>
<thead>
<tr>
<th></th>
<th>1994-95</th>
<th>95-96</th>
<th>96-97</th>
<th>97-98</th>
<th>98-99</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets Gross Block</td>
<td>1630</td>
<td>1917</td>
<td>2140</td>
<td>3549</td>
<td>4704</td>
</tr>
<tr>
<td>Shareholders fund</td>
<td>2403</td>
<td>3199</td>
<td>3274</td>
<td>2341</td>
<td>2638</td>
</tr>
<tr>
<td>Turnover</td>
<td>2403</td>
<td>2879</td>
<td>3600</td>
<td>4023</td>
<td>4325</td>
</tr>
<tr>
<td>Net Profit</td>
<td>309</td>
<td>332</td>
<td>275</td>
<td>231</td>
<td>164</td>
</tr>
<tr>
<td>EPS</td>
<td>43</td>
<td>46</td>
<td>38</td>
<td>32</td>
<td>20</td>
</tr>
</tbody>
</table>

 Though there is a steady increase in the turnover the net profit as well as earnings per share have fallen in the year 1998-99, considerably.

The company's contribution to the national economy is shown in the following table:

<table>
<thead>
<tr>
<th>Contribution to National Economy (Rs. crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>1994-95</td>
</tr>
<tr>
<td>Exchequer (Excise Duty and Other taxes)</td>
</tr>
<tr>
<td>Employees</td>
</tr>
<tr>
<td>Shareholders</td>
</tr>
</tbody>
</table>
Grasim Industries Ltd.
Contribution to national economy

Year

Rs. in crores
0 200 400 600 800 1000 1200

Shareholders
Employees
Exchequer
Grasim Industries Ltd. - Growth during the last five years

- Fixed assets
- Share holders fund

Year:
- 1994-95
- 1995-96
- 1996-97
- 1997-98
- 1998-99

Rs. in crores:
- 0
- 500
- 1000
- 1500
- 2000
- 2500
- 3000
- 3500
- 4000
- 4500
- 5000
Grasim Industries Ltd. - Profitability

[Diagram showing bars for Turnover and Net Profits from 1994-95 to 1998-99]
The company’s net profit declined by 29% from Rs.231 crores in 1997-98 to Rs.164 crores in 1998-99, due to lower operating profits, a drop in other income and higher interest and depreciation charges during the year. Considering the contribution to the national economy, the company pays more than Rs.1000 crores a year in the form of excise duty and other taxes to the exchequer, payments to the employees in the form of wages, bonus and other allowances and to the shareholders in the form of dividends.

The company’s strategy to enhance shareholder value is three pronged: efficient utilisation of existing assets, better control over costs and focus on emerging opportunities in its core business for growth. It is focusing on the cement business for its future growth, especially given the mature nature of the fibre industry and challenging outlook for the textiles and sponge iron industries. The cement industry offers an excellent growth opportunity given the likely recovery in the economy and a pick-up in the housing and infrastructure sector. The company is considering various projects in this line. It is the setting up of a 900000 tons p.a cement plant in Tamil Nadu, expected to commence production by the end of 1999-2000, the acquisition of Dharani Cements etc. are only two examples in that direction.
Grasim Industries Ltd., Mavoor

Grasim Industries Ltd., Mavoor comprises of two divisions: Pulp Division and Staple Fibre Division. The Pulp division was started in 1958 on the banks of river Chaliyar. The company produced rayon grade pulp from bamboo for the first time in the world in 1963. In the later years, when bamboo became scarce, a combination of bamboo, mixed hardwood and soft wood was evolved and continued to produce high quality rayon grade pulp. The pulp division has an installed capacity of producing 200 tons per day. The company could utilise about 70% of the capacity due to many reasons.

The Staple Fibre Division was commissioned in 1968 to produce Viscose Staple Fibre. The unit has an installed capacity of producing 70 tons per day. Sodium sulphate, sulphuric acid, carbon-di-sulphide etc. are produced as by products.

Both the pulp division and fibre division have received ISO 9002 certificate.

Pulp Division

The installed capacity of the pulp division was 200 tons rayon grade pulp per day. There are 1562 employees comprising of 260 staff category and 1302 workers.
Categories of workmen and their wage structure

The workmen in the pulp division are classified as follows:

a) Permanent workmen

b) Casual or Badli or Reserve workmen

**a) Permanent workmen:**

<table>
<thead>
<tr>
<th>Group</th>
<th>Pay Scale (Rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>II Peon, Attender, Boys</td>
<td>472-16-552-18-642-20-742</td>
</tr>
<tr>
<td>III Scaffolder, Mazdoor, Oiler, Watchman etc.</td>
<td>482-18-572-20-672-22-782</td>
</tr>
<tr>
<td>IV Shift commander, Bearer, Cook, Garage cleaner</td>
<td>497-20-597-22-707-24-827</td>
</tr>
<tr>
<td>V Fitters, Welders, Turners, Driver</td>
<td>522-22-632-26-765-35-937</td>
</tr>
<tr>
<td>VI Fitter A, Welder A, Turner A</td>
<td>542-26-672-30-822-36-1002</td>
</tr>
<tr>
<td>VII First Operator, Boiler Attendant, Checker, Sr. Welder</td>
<td>582-35-757-40-957-45-1182</td>
</tr>
<tr>
<td>VIII Serang (Mechanical)</td>
<td>632-40-832-45-1057-50-1307</td>
</tr>
<tr>
<td>IX Spl. Group</td>
<td>682-50-932-55-1207-60-1507-65-1832</td>
</tr>
<tr>
<td>Group</td>
<td>Staff Description</td>
</tr>
<tr>
<td>-------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>I</td>
<td>Clerk B, Typist B etc.</td>
</tr>
<tr>
<td>II</td>
<td>Clerk A, Typist A</td>
</tr>
<tr>
<td>IV</td>
<td>Asst. A, Chemist A</td>
</tr>
<tr>
<td>V</td>
<td>Spl. group</td>
</tr>
</tbody>
</table>

A variable D.A. @ 29 paise per point over 500 points of cost of Living Index.

A fixed D.A @Rs.60/- per month is added with it.

**Welfare Measures: Amenities:**

**Supply of uniform cloth:** Two pair pants and two pair shirts of gwalior suiting is given once in a year. One pair leather shoe and one pair PVC shoe and socks are given once in a year. Three polyester sarees and three blouse pieces are issued once in a year. Stitching charges @ Rs.80/- per pair for men and @ Rs.10/- per pair for ladies are given. One pair of leather and one pair of Sandak chappals are issued for ladies once in a year, mostly in May, every year.

**Supply of rain coat:** Rain coats are supplied to loading and unloading workers in Bamboo yard and Watchmen, drivers, Khalasi etc. once in two years.
Umbrella: A folding umbrella of good quality is supplied once in two years.

Medical Facilities

a. Medical check-up: A medical check-up is made to all the workmen once in a year. Arrangements for further check-up will also be provided, if necessary.

b. By-stander allowance for outsiders @ Rs.40/- per day and for co-worker @ Rs.20/- per day is granted.

Risk Insurance: Janatha Insurance scheme is extended to all workmen by the New India Insurance Company.

Educational Facilities

The children of the retired/deceased workmen are allowed to continue studies in the company school, on condition of payment of fees. Free education for children of workmen and staff are provided up to SSLC class in the company school.

Scholarship: for the children of employees are provided as follows:

1. For PDC/Plus Two/ITI/ITC/Polytechnic/TTC etc. @ Rs.600/- per year.

2. For Degree Students @ Rs.800/- per year.
3. For Post Graduate Courses @ Rs.800/- per year.

Students who pass SSLC examination in First Class with 75% marks in any one subject is eligible to get the scholarship under the scheme.

Transport Facilities: The company provides bus facility to the employees at concessional rates, ie. by collecting only 40% of the actual fare from the employees. Students are given concessions, collecting only 20% of the fare from them.

Loan Schemes

Housing loans: A housing loan scheme of Rs.25000/- and Rs.40000/- for workers and staff respectively is provided, which will be reimbursed within five years, being interest charged @ 8%.

Fan loan: Two fans are supplied to 25 workers in a month on loan basis, the cost of which will be recovered in 12 equal monthly instalments.

Scooter Loan: A vehicle loan of Rs.10000/- for workers and Rs.15000/- for the staff are provided by the company.

Funeral expenses: The company will pay an amount of Rs.600/- for funeral expenses, in the event of the death of an employee.
Recreation facilities: An amount of Rs.5000/- per year is granted as subsidy to the Recreation Club. The amount granted to the ladies Recreation club is Rs.2500/- p.a.

Accident Death Relief/Death Relief Fund

a) The accident death relief amount is enhanced to Rs.15000/-.

b) The death relief fund contribution of the management is enhanced to Rs.4500/- per death.

Leave and Holidays

a) Pilgrimage leave is granted for five months.

b) Family planning leave for seven days

c) Blood donor's leave: A worker who donates blood to his co-worker or to his legal dependent, three days leave is granted with wages.

Special long leave with out pay

The workers are granted special long leave with out pay for a period of a maximum of five years.

Employment to dependents: In case a worker dies while in service, his male dependent is given training for a period of six months on payment of stipend and later, if found satisfactory, will be considered for regular employment when vacancies arise.
Gratuity: The scheme of gratuity is applied as follows:

Above 5 years and up to 10 yrs of service 15 days wages inclusive of DA for each year of service

Above 10 yrs and up to 15 yrs of service 17 days wages inclusive of DA for each year of service

Above 15 yrs of service 21 days wages inclusive of DA for each year of service

The following other allowances are also available:

Outstation meals allowance is given Rs.10/- and tiffin allowance Rs.5/-, mileage allowance 10 paise per km, safety driving allowance Rs.225 per year, washing allowance to watchmen, drivers, peons etc. Rs.23/- per month, washing allowance to other workmen Rs.20/- per month; special allowance (Saturday allowance) Rs.50/- per month, night shift allowance - for B shift duty Rs.1.50 per shift and for C shift duty Rs.5/- per shift. House rent allowance Rs.90/- per month, ferry allowance Rs.13/- per month, acting allowance Rs.15/- per shift, cash handling allowance Rs.1.10 per thousand, gate clerk allowance Rs.10/- per shift, Risk allowance Rs.20 p.m.

Home travel allowance: first class A/C charges are paid and leave travel assistance Rs.200/- per year.
Supply of Dasamoolarishtam: 600 ml. dasamoolarishtam is supplied once in two months.

Quarters: There are 150 quarters for staff with rent @ Rs.25/- p.m. and 506 quartes for workers with rental charges @ Rs.10 to 18 p.m with water and electricity supply at free of cost.

Canteen Facility

There is a canteen in the premises to provide food for the workers at concessional rates. It works for 24 hours, with 7 staff to function. The subsidised rates are:

<table>
<thead>
<tr>
<th>Item</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tea</td>
<td>Rs.0.08</td>
</tr>
<tr>
<td>Uppumavu</td>
<td>Rs. 0.10</td>
</tr>
<tr>
<td>Spl. tea</td>
<td>Rs. 0.12</td>
</tr>
<tr>
<td>Veg. lunch</td>
<td>Rs. 0.35</td>
</tr>
<tr>
<td>Curd</td>
<td>Rs. 0.15</td>
</tr>
</tbody>
</table>

A canteen committee is working to monitor the functioning of the canteen and give suggestions for improving the quality of food served.

Staff club: Recreation facilities like Table Tennis, Caroms, Chess, Badminton, Cards and other outdoor games are provided by the club. A library and reading room are also working in the club. Staff club provides
cable T.V. facilities in the residential quarters of staff and workers at nominal rates.

**Auditorium:** "Grasim Cultural Centre" is the name of the auditorium. It is utilised for conducting social gatherings and cultural programmes on special occasions like Onam, Deepavali etc. All the members of the Grasim family are invited to participate in the variety entertainment programmes.

**Mahila Mandal:** A 'Mahila Mandal' is also functioning to facilitate the development of cultural and creative talents of the wives and children of staff members.

**Guest House:** A well furnished guest house is maintained to entertain the guests of the company.

**Co-operative Society:** A full-fledged consumer's co-operative society is functioning for the benefit of the staff and workers. Textiles, groceries and stationary items are provided on credit basis which will be deducted at source from the salary.

**Rural and Community Development:** Rural and Community Development Society conducts employment oriented training programmes in the field of seri-culture, mushroom cultivation, flori-culture etc. This is done with a view to promote self employment for the needy rural folks of the neighbourhood.
Trade Union

There are a number of trade unions affiliated to different political parties. Some of them are:

Gwalior Rayons Employees Association (AITUC)
Gwalior Rayons Employees Union (INTUC)
Gwalior Rayons Pulp and Fibre Workers Union (CITU)
Swathantra Thozhilali Union (STU)
Gwalior Rayons Employees Sangh (BMS)
Gwalior Rayons Workers Organisation (GROW)
Gwalior Rayons Staff Association
Gwalior Rayons Staff Union, etc.

Industrial Relations

Long term agreements in the form of memorandum of settlement are entered into between the representatives of management and trade unions so that both parties are bound to obey the terms of agreement, though there are instances of exceptions too at times.