CHAPTER –IV
PROFILE OF THE PUBLIC AND PRIVATE UNDERTAKINGS

4.1 Introduction

Advertising has been practiced in public and private undertakings of Karnataka State since the 1990s which heralded a new age of economic globalization. A large number of public and private corporate houses have come into existence in Karnataka state which has achieved commendable progress in the industrial sector in the post-independence period. Corporate communication departments are also established in various public and private undertakings in order to establish good rapport between the corporate houses and various stakeholders of organizational development. These departments are also primarily responsible for the management of corporate advertising which is responsible for image building, reputation management and other organizational obligations and responsibilities in the new millennium. The present study was carried out in Bangalore city which is the economic and political capital of Karnataka State. Six public and private undertakings namely Bharat Earth Movers Limited (BEML), Bharat Heavy Electricals Limited (BHEL), Karnataka Power Corporation Ltd (KPCL), Grandi Mallikarjuna Rao Group (GMR), Royal Philips Electronics (Philips) and Biocon were considered for the purpose of evaluation of the role of advertising in corporate image building in Karnataka State. A brief organizational profile of these six undertakings is presented in this chapter.

4.2. Bharat Earth Movers Limited (BEML)

The BEML is one of the prestigious public undertakings of India. The company has earned reputation over a period of time for dynamic, responsive and market oriented delivery of goods and services. At present, Mr. P. Dwarakanath is the Chairman and Managing Director of the company. The Chairman and Managing Director head the organization. There are about 16 Board of Directors who are responsible for corporate governance. There are other prominent officials who work in different capacities. They include – Company Secretary, Chief Vigilance Officer, Executive Directors, Chief General Managers, and General Managers. The registered
The corporate office is located in Bangalore. The BEML has various administrative units namely - Bangalore Complex, KGF Complex, Mysore Complex and Palakkad Complex. It has a subsidiary company which is known as Vignyan Industrial Limited and Joint Venture Company which are responsible for smooth conduction of day to day business operations. The regional offices are located at Bilaspur, Hyderabad, Kolkata, Singrauli and other places. The overseas offices are located at Brazil, China, Malaysia and Indonesia. The manpower strength stood at about 12,000 during 2012.

Financial Management

The business verticals are headed by a Director who acts as CEO of the business. The technology division provides end-to-end technology solutions in auto, aero, defense and metro and rail related areas. The trading division deals in non-company products. The strategic business unit and product heads are also set up under each of the above business to increase organizational effectiveness. The products of the company are sold and serviced through its large marketing network comprising 10 regional offices, 4 zonal offices, 17 district offices and other centers. The BEML has attained a high turnover of Rs. 4,000 crore during the financial year 2012-13. The Board of the Company has recommended a dividend of Rs. 10 per share on the paid-up equity share capital for the year 2011-12. The profit before tax was about Rs. 200 crore in the previous financial year. The reduction in profit was mainly due to implementation of wage revision for employees, change in product mix propelled by the market demand and lesser quantum of sales of spares coupled with severe competition. The company has adopted certain progressive measures to maximize the profits. The international presence of the company has increased to about 58 countries in the world during 2012-13. The company has also achieved the status of ‘global market leader’ over a period of time. The working capital requirements are met from the internal resources and credit facilities availed from banks. The company’s contribution to exchequer has exceeded Rs. 700 crore during 2012-13. The company is making efforts to maximize the business by taping the opportunities opened up by defense offsets. The increase of defense budget has benefitted the company to increase its capacity, goods and services.

Research and Development

All manufacturing divisions are updated to ISO9001-2008 Quality Management System (QMS) certification. The KGF, Bangalore and Mysore complexes are also certified for ISO14001-2004 Environmental Management System.
(EMS). The Bangalore Complex is certified for BSOHSAS 18001 – 2007 Integrated Management System. The company has also followed the advanced methods of production of goods and services. The company also follows minimum number of test hours for all models of mining and construction equipments to enhance the customer confidence. Third party inspection is also introduced at earthmoving and equipment divisions for inspection and clearance of the mining and construction equipment before delivery to the customers. The company’s research and development centre plays a vital role in the design and development of products, critical aggregates, indigenization activities and so on.

The research wing has designed and developed number of high technology products without any collaboration. The prominent projects / products include – mining and construction (BA10 Aircraft Towing Tractor with front cabin), metro and rail (intermediate cars for DMRC metro cars, broad gauge culinary maintenance vehicle for metro projects, 8W culinary maintenance vehicle), defense (GRAD BM21 MBRLS on special 6x6 chassis, field artillery tractor for towing of heavy artillery guns, high mobility vehicle mounted on 6x6 chassis integrated with material handling crane) and so on. The company has set up bogie test exclusively for the metro project which is only such facility in India apart from that in RDSO. The company has established capability of design, development, testing and commissioning without any foreign collaborators.

**Corporate Governance and Communication**

The company pursues long term corporate goals based on the values of financial discipline, high ethical standards, transparency and complete trust. It has begun the journey towards more diversification by balancing the interests of all the stakeholders such as lenders, customers, suppliers and others. The company introduced competence management by way of a structure approach in major locations. The company has also adopted the best practices in all the functional areas in discharging the responsibilities towards the community, the government and other sections of society. The company has well developed means of corporate communication. The quarterly results are announced in the leading English newspapers. The financial results are displayed on the company’s website. The BEML News and BEML Blitz and other journals are brought out periodically in order to facilitate constant dialogue between the company and other stakeholders.
Presentations are made periodically to institutional investors, analysts and brokers. Corporate announcements and press releases are notified to the stock exchanges.

The micro, small and medium enterprises continue to get support from the company. The company has also established corporate communication department with trained manpower and advanced tools and technologies. The company has intensified its communication with all levels and categories of employees by way of different internal forums. It has also opened up new vistas for diversified communication with other stakeholders. The Official Language Policy is followed in all in-house training programmes. The company has received the prestigious ‘Chanakya Award’ during 2010 by the Public Relations Council of India (PRCL), a premier body of the Public Relations and Communication professionals. The company further received ‘Winner’ status in the National Safety Awards during 2008. It also won Raksha Mantri’s Institutional Award for Excellence in Performance during 2010. It also received EEPC India Award for outstanding contribution to engineering exports by Engineering Export Promotion Council in 2010. The ‘Excellence in Technology Award’ was also received by the company by SAP Media Publications in 2011. The company has also received the Public Relations Council of India Award for ‘Best Wall Calendars’ in 2011.

**Corporate Social Responsibility**

The company has launched series of programmes for the benefit of people as a matter of corporate social responsibility. It has developed educational infrastructure facilities such as school building, furniture, laboratories, libraries and health centers for the benefit of the local community. It provides on the job training to the unskilled contract laborers in order to ensure their employability on a regular basis. It provides health care facilities to the employees, their families and general public’s. It has also extended necessary help to the employees and their family members by providing labor welfare fund and allied facilities. It has also conducted training programmes in computer application, shorthand, laboratory technology, spoken English course, summer camps for sports persons, scholarship for students, and adoption of physically challenged students and so on. It has planted saplings around the campus premises in order to promote the environment. Effluent treatment plants are constructed inside the factory premises for treatment of domestic/industrial effluents. Treatment plants, oxidation ponds and other facilities are made available inside the factories and townships. It has also adopted rain water harvest, wind mill and other energy
conservation techniques. The company has planned to develop a series of products/aggregates covering all the three business segments namely – mining and construction, defense and metro and rail in future. It has contemplated spending of Rs. 100 crore on research and development activities during 2013-14. It has made earnest efforts towards technology absorption, adaptation and innovation. It has also developed infrastructure for indigenization of components for metro cars and some of the defense products in future.

4.3. Bharat Heavy Electricals Limited (BHEL)

The BHEL was established more than 42 years ago in the country. It is the largest engineering and manufacturing enterprise of India in the energy and infrastructure related sectors. It has the capacity to manufacture entire range of power plant equipment. The company is the largest manufacturer in India supplying wide range of products and systems for thermal, nuclear, gas and hydro based utility and captive plants. It has crossed the landmark of 1,00,000 MW and continues to maintain the record nearly two-third of the overall installed capacity and around three-fourth of the power generated in India. It supplies steam turbines, generators, boilers and matching auxiliaries up to 800 MW ratings, including sets of 660/700/800 MW based on supercritical technology. It has facilities to go up to 1,000 MW unit size. It has grown in stature over a period of time and made its presence felt in domestic and international markets. It realized the capacity to deliver 15,000 MW power equipment capacities per annum. It caters to core sectors of the Indian economy namely – power generation and transmission, industry, transportation, renewable energy, defense and so on. It is a leading manufacturer of a variety of industrial systems and products to meet the demand of a number of investees.

Production Management

The company has wide network of 15 manufacturing divisions, 2 repair units, 4 power sector regions, 8 service centers, 15 regional offices, 2 subsidiaries and large number of project sites in India and abroad. At present, Mr. B. Prasada Rao is the Chairman and Managing Director of the Company. The top functionaries of BHEL include – Director (Human Resource), Director (Engineering, R and D), Director (Finance), Chief Vigilance Officer, Corporate Planning and Development Officer, Company Secretary and others. There are senior officials who head human resource communication, systems and information technology, power sector business,
engineering, research and development, industrial systems and products business, corporate finance, corporate communication and other branches of organizational management. The operations of the company are carried out at different places in the country. They include – Heavy Electrical Plant, Bhopal, Centre for Electric Transportation, Bhopal, EMRP, Mumbai, Transformer Plant, Jhansi, Heavy Electrical Equipment Plant, Haridwar, Pollution Control Research Institute, Haridwar, Central Foundry Forge Plant, Haridwar, Heavy Power Equipment Plant, Hyderabad, Industrial Valves Plant, Goindwal, High Pressure Boiler Plant, Trichy, Seamless Steel Tube Plant, Trichy, Welding Research Institute, Trichy, Piping Centre, Chennai, Boiler Auxiliary Plant, Ranipet, Electronics Division, Bangalore, Electronics Systems Division, Bangalore, Industrial Systems Group, Bangalore and so on.

Financial Management

The company has crossed the turnover of Rs. 45,000 crore during 2012-13. It has witnessed the growth in turnover by 28% in the previous year. The turnover (net of excise duty) increased by 27% from Rs. 41,566 crore in 2011-12 to Rs. 43,366 crore in 2012-13. The increase in turnover coupled with savings in material cost over previous year has contributed to the better financial performance. The board has recommended a final dividend of 180% for the year 2012-13. The company has also received orders worth Rs. 60,500 crore during 2011-12. The performance of the company has been rated as ‘excellent’ in terms of MoU signed with the Government of India. The share capital during the year 2012-13 has exceeded Rs. 2,000 crore and general reserve has also exceeded Rs. 19,000 crore during the previous year due to capital expenditure incurred on ongoing capacity augmentation programme at various manufacturing units. The long term trade investments have increased by Rs. 375 crore according to the latest statistics. The increase in current liabilities is estimated at Rs. 32,000 crore on account of better provision for contractual obligation in line with revised policy on warranty provisions. The power segment and industry segment contributed 80% and 22% respectively for the total revenue of the company. The company has transferred more than Rs. 4,000 crore to general reserve for the year 2012-13. The company is able to sustain its exports order inflow of Rs. 3,800 crore from 24 countries during the previous year which marked significant steps towards globalization with successful forays in new markets and new product areas. It has secured prestigious orders from several countries after commissioning four power plants in Bangladesh, Libia, Oman and Nepal.
Research and Development

The Director of Engineering, Research and Development manages corporate manufacturing technology, investment planning, corporate materials management, corporate engineering and production development, advanced research projects, technical licensing and joint ventures. The company is contributing to the national effort for developing and promoting renewable energy based products on a sustained basis. It possesses expertise to design, manufacture and service various types of onshore rigs to suit the Indian service conditions. The range of equipment covers onshore deep drilling rigs, super-deep drilling rigs, heli-rigs, work-over rigs, mobile rigs and desert rigs with matching draw works and hoisting equipments. The company is in the process of manufacturing environment friendly AC-technology based oil rings for onshore application. The products manufactured by the company include power transformers, instrument transformers, dry type transformers, shunt reactors, vacuum and SF6 switchgear, gas insulated switchgears, ceramic insulators and so on. It has gained the capacity to indigenously develop and manufacture 333 MVA, 1,200 KV transformers and so on. The company has achieved self reliance in feasibility / system studies, execution and commissioning of fixed series compensation / controlled shunt reactor schemes. It has the expertise and extensive on-the job exposure for design and applications relating to power system studies and feasibility studies.

The company has invested around Rs. 1,000 crore on research and development efforts till date. A total of 91 patents and copyrights were granted. It is ranked as the number one company in terms of filing patents. It is second highest investor in research and development in India. It has also won CII Thompson Reuters Innovation Award – 2010 in the Hi Tech Corporate category in recognition of its innovation and entrepreneurship in India. The Corporate RandD Division at Hyderabad leads BHEL’s research efforts using emerging technologies to offer state-of-the art total engineering solutions. Centers of excellence are also set up for simulators, computational fluid dynamics, permanent magnet machines, surface engineering, intelligence machine and robotics and machine dynamics. It has established a center of excellence for compressors and pumps dynamics. The RandD advisory council is formed with eminent scientists and dignitaries from various institutions.
Corporate Governance and Communication

The company caters to the needs of the core sectors of Indian economy with a wide network of 15 manufacturing divisions, 2 repair units, 4 power sector regions, 8 service stations, 15 regional offices, 2 subsidiaries and a large number of project sites spread all over the country. The company has also entered into a number of strategic joint ventures in super critical coal fired power plants to leverage equipment sales besides living up to the commitment or green energy and eco-friendly initiatives. The company has also made significant achievements in business excellence by securing ISO-9000 quality system and recognition certificates from CII for four out of five units. The company is also actively involved in sustaining the environment by providing safe and healthy working environment. The environment improvement projects and community development programmes are implemented on a priority basis. The major environment friendly activities of the company include – tree plantation drives, installation of rain harvesting plans, efficient water and energy management, reduction in noise level, improvement in chemical storage and handling systems. Corporate social responsibility is an integral part of business strategy of the company. All manufacturing units and branches of the company are accredited to the international standards viz., ISO-14001 certification for environmental management and OHSAS-18001 certification for occupational health and safety management systems.

The company is headed by the Director (Human Resources) who also looks after corporate communication. Several workshops and training programmes are organized by the company to improve the communication skill and competence of corporate communicators. It has implemented Official Language Policy and conducted Hindi workshops and Hindi computer training programmes. It has published several Hindi magazines in order to disseminate the activities of the company across the country. The company is honored with several awards which include EEPC Star Performer Award, SCOPE Award, Dainik Bhaskar India Pride Award, ICWAI National Awards, Shrama Bhushan, Vishwakarma Rashtriya Puraskars, IEI Industry Excellence Award and so on for outstanding contribution to public sector management and business excellence. The company has also established Human Resource Development Institute in order to facilitate the development of human resources.
Corporate Governance and Social Responsibility

The company has developed a CSR scheme and its mission statement on CSR is – “Be a Committed Corporate Citizen, Alive towards Corporate Social Responsibility”. The company has launched series of socially beneficial programmes and developed numerous corporate social responsibility initiatives. It undertakes socio-economic and community development programmes to promote education, improve living conditions of people in villages and communities located in the vicinity of its manufacturing plants and project sites across the country. Self-employment generation, environment protection, community development, education, health management, infrastructure development, disaster management and other areas have gained importance. The company has adopted CSR policy from 2010-11 and received the Distinguished Fellow Award 2010 from the Institute of Directors for outstanding contribution in the field of Corporate Governance and Corporate Social Responsibility.

The company also implements environment improvement programmes and community development programmes as a matter of corporate social responsibility. It provides safe and healthy working environment to the employees and local community members. The plants and townships are equipped with tree plantation drives, installation of rainwater harvesting plants, efficient water and energy management, reduction in noise level, improvement in chemical storage and handling systems. The company is committed to sustainable development of the community.

The company is committed to drive a new phase of growth. It has gained competitive strengths over a period of time in terms of powerful manufacturing base, technology edge, diversified business portfolio, after sales service network and so on. The company has plans to sustain its leadership in its current business areas and capture opportunities in emerging growth areas. It has plans to augment the manufacturing capacity from 15,000 MW to 20,000 MW by March 2013. The company has designed strategies to facilitate accelerated project execution through advanced manufacturing actions, greater application of information technology, rate contracts, enhanced outsourcing, deployment of additional tools and plants and so on. The company has planned to enhance its diversification strategy in order to increase shareholders’ value through new growth areas such as solar, nuclear, transportation, transmission, distribution and water. The company intends to invest more on research
and development activities in order to achieve the goal of better performance and potential in alignment with our ongoing business challenges.

4.4. Karnataka Power Corporation Ltd (KPCL)

Karnataka State is one of the leading development oriented states in the Indian Republic. It is indeed a home to all major industries in the country. Industrialization in Karnataka has a rich history. The first sugar unit was set up in the state as far back as 1800 AD. Asia’s first Hydro-electric power station was established in 1902 at Shivanasamudhram, on the bank of Cauvery River in Mandya District. The Mysore Power Corporation Limited (MPCL) sprang up in 1970 in order to tackle planning of power from various angles and steer the state towards self-sufficiency in the power sector. The Mysore Power Corporation Limited was later christened as Karnataka Power Corporation Limited (KPCL) following the change of the name of the state from Mysore to Karnataka in 1973 during the dynamic Chief Minister ship of Late. D.Devaraj Urs. Hydro-electric power generation has been the mainstay of Karnataka in its programme for economic and industrial development. Realizing that the total dependence on hydro-electric power generation was not desirable for a state with rapid growth rate, alternative sources for power generation was considered by the Government of Karnataka. Hence, the Karnataka Power Corporation Limited (KPCL) embarked on a study to explore the possibilities of establishing a thermal plant. Thus, Raichur Thermal Power Station was established in 1982 to illuminate millions of hearts, lives and homes.

The power sector is passing through a testing period in the country. The carving out of distribution companies from the monolithic KPCL is a giant step forward in the reforms process. This single measure is the key to improving the fortunes of the power sector through increased efficiency of the power sector at the grass root level. Recently, the Karnataka Government has initiated a reforms package in the power sector to improve the viability and customer standards. The appointment of an Independent Regulator known as Karnataka Electricity Regulatory Committee (KERC) is expected to usher in greater transparency, efficiency and accountability in the working of power utilities like KPCL. Particularly, after the Independent Power Producers (IPP) has been unable to execute projects without escrow and in a regulatory regime, KPCL’s responsibility has grown manifold over the years.
The Government of Karnataka have considered KPCL to be its star performer and entrusted it with the task of developing six new thermal projects and one hydel project totaling to 4400 MWs besides expediting the ongoing projects of 3000 MWs. The Corporation has already started investigation on these new thermal and hydel projects in Karnataka State. The Corporation continues to set competitive industry benchmarks in all its areas of functioning to serve as a role model in the power sector of the country. There has been commendable improvement in performance in terms of energy generation (19889 mus), income from the sale of energy (Rs.2521 crores), realization of sale of energy (Rs.2117 crores) and profit after tax (Rs.252 crores) according to 36th Annual Report, 2006. The Company has prepared Vision 2025 identifying future sites and expansion projects with possible total capacity of about 20,000 MWs from four block periods of 5 years. The Corporation has also created separate task forces to take up Research and Development activities in order to optimize power generation.

Production Management

The Corporate Office of KPCL is located in Bangalore city, the state capital of Karnataka which is well connected to the national capital and other regions of the country by air, railways and roadways. This provides KPCL the strategic advantage for its administration, coordination and stakeholder contact programmes. Other Project Offices include: Raichur Thermal Power Station, Sharavathi Generating Station, Gerusoppa Dam Powerhouse, Linganamakki Dam Powerhouse, Bhadra Right Bank Canal Powerhouse, Bhadra Left Bank Canal Powerhouse, Naghari Powerhouse, Supa Dam Powerhouse, Kadra Dam Powerhouse, Kodasalli Dam Powerhouse, Ghataprabha Dam Powerhouse, Varahi Underground Powerhouse, Mani Dam Powerhouse, Mallapur Mini Hydel Scheme, Sirwar Mini Hydel Scheme, Kalmala Mini Hydel Scheme, Ganekal Mini Hydel Scheme, Kappatagudda Wind Farm and Almatti Dam Powerhouse. The Corporate Office at Bangalore and the Project Offices has Management Councils comprising senior and middle level executives. The project centers are also well-equipped with railways and roadways facilities.

The mission of KPCL is to maximize power generation by: a) identifying and developing opportunities in power generation; b) establishing and operating power plants; c) constant upgradation of technical competence and systems; d) developing human resource capabilities; e) empowering the stakeholders; and f) enabling the
KPCL to become a model organization through efficiency, cost-effectiveness, accountability and harmony with environment. Noteworthy corporate practices of KPCL include: a) endeavoring to meet the challenges of a competitive scenario in the power sector, b) high degree of cost consciousness and transparency in transactions, c) adaptations to reduce time and cost element in project execution, d) benchmarking with the best in India and abroad, e) proper budgetary control system, f) free and fair financial and commercial systems to safeguard the interests of vendors, contractors and lenders, g) adherence to legal, moral and professional standards while obtaining consents, permits and clearances, h) faithful compliance to the tenets of public governance, and i) savings through professional approach in design, execution, operation and maintenance of projects and (enhancement of knowledge and skills of employees through training.

Starting from an installed capacity of 746 MW during its inception, KPCL has taken notable strides to achieve an installed capacity of 19889 mus. At present KPCL owns and operates 31 Dams and 19 Powerhouses of varying sizes ranging from 0.35 MW to 1470 MW which includes a Thermal Power Station consisting of 7 units of 210 MW each. The installed capacity of KPCL is indeed commendable in terms of Thermal (9165 mus), Hydel and Wind (10724 mus) thus totaling about 19889 mus. The major power houses of KPCL include - Raichur Thermal Power Station, Sharavathi Generating Station, Gerusoppa Dam Powerhouse, Linganamakki Dam Powerhouse, Bhadra Dam Power house, Nagjhari Powerhouse, Supa Dam Powerhouse, Kadra Dam Powerhouse, Kodasalli Dam Powerhouse, Ghataprabha Dam Powerhouse, Varahi Underground Powerhouse, Mani Dam Powerhouse, Kalmala, Sirvar, Ganekal and Mini Hydel Scheme, Kappatagudda Wind Farm and Almatti Dam Powerhouse.

KPCL also has the distinction of being the first state-owned utility in the power sector to have established computerized satellite communication network through VSAT among all its power stations and in Bangalore. The hi-tech VSAT network called ‘Shaktinet’ is used for the purpose of systematic data base management. KPCL is well equipped to undertake large-scale power projects from concept to commissioning and operation on EPC basis, with a host of separate auxiliary services. The Consultancy and Engineering Services Division offers its client a wide range of quality-oriented services in different aspects of power project development. KPCL
has a big basket of clients and projects in consultancy which has the potential to be a major segment of earnings in the country.

KPCL has adopted a progressive management policy that blends and harmonizes project development with ecological balance. It is consistently adhering to its comprehensive environment action plan that covers systematic strengthening of environment management, pollution monitoring at power stations and implementation of specific eco-friendly projects. On account of commendable efforts in afforestation, increased utilization of fly ash and zero-discharge system, RTPS is one of the most environment friendly thermal stations in the country. The hydel projects were also maintained and run systematically all these years. KPCL has also launched afforestation programmes, aquaculture promotion, catchments area treatment, sewage treatment, management of fly ash, reduction of pollutants and other eco-friendly activities which are appreciated by one and all. It has also undertaken meaningful rehabilitation and resettlement programmes for the affected people.

Prominent social contributions of KPCL include: donations to Chief Minister’s Relief Fund, implementation of social welfare and community welfare activities, supporting rehabilitation and resettlement measures, promoting civic amenities in the project areas, protection of environment and culture, promoting employees welfare, maintaining good Public Relations etc. KPCL strongly believes in pursuing new ideas and approaches that would benefit mankind, environment and culture considerably. Best practices in designs, contract management, contract closures and even rehabilitation measures are the rules rather than exceptions. The corporation has also created separate task forces to take up Research and Development activities in order to optimize power generation from the existing plants through improvements.

KPCL is marching toward progress consistently. The state economy is reeling from successive failures of the monsoons. In particular, the failure of the monsoon resulted in lower hydel generation. However, the KPCL was able to step up the level of thermal generation to bridge the gap particularly. The efforts of KPCL to increase the thermal backup as well as develop gas-based projects are commendable steps forward to drought proof the state from the vagaries of monsoons. The KPCL remains vigilant to the strains and stresses arising out of the reforms process in the power sector. KPCL has set its sight on further capacity addition of about 10000 MWs in the 11th and 12th plans. It has proposed thermal, hydel, solar, photovoltaic,
wind and pumped storage scheme. It has also prepared grounds for the application of new technologies for more efficient energy management. It is this synergy that makes KPCL a powerhouse of the future.

Corporate Governance and Communication

KPCL is a Government of Karnataka Enterprise under the administrative control of the Ministry of Energy. KPCL is governed by a Board of Directors headed by the Chairman who is the Chief Minister of the State. The Board comprises Minister for PWD and Energy, Advisor to PWD and Energy Minister, Managing Director, Technical Director, Finance Director, Principal Secretary (Energy), Principal Secretary to Chief Minister, Principal Secretary (Finance), Managing Director (KPTCL), Secretary (Water Resources Department), Director General (CPRI) and a couple of veteran bureaucrats and technocrats. The Corporate Office at Bangalore and the Project Offices has Management Councils comprising senior and middle level executives. These Councils focus on policy matters. The emphasis is on accountability, control and achievement of goals at all levels throughout the corporation. The organization enjoys maximum possible operational autonomy consistent with the overall corporate objectives, basic policies and programmes with a view to achieve optimum utilization of resources. Constant upgradation of technical competence and systems, developing human resource capabilities and empowerment are the ways to achieve the objectives of KPCL. It is committed to becoming a model organization in the country. To translate this commitment into a reality, it uses a dynamic approach that comprises three driving forces – efficiency, cost-effectiveness and harmony with the environment.

At present, KPCL has seven technical departments (Engineering-Civil, Engineering-Electrical, Engineering-Mechanical, Engineering Consultancy, Engineering Geology, Chemistry and Computer Science) and seven non-technical departments (Company Affairs, Human Resource Management, Accounts, Corporate Communications, Medical Science – Hospitals, Education – Schools and Security Service). All these departments are headed and managed by professionally sound and competent persons. There are core groups for project management, construction management, materials management, operations and maintenance, financial management and human resource management. The professional management, operational freedom, prudent financial management, risk management, systems
improvement, employee participation, regular training, deputation to higher studies, employee’s welfare etc., are the salient features of KPCL management.

KPCL has established a separate training center in order to meet the training needs of the personnel. Regular training programmes both in India and abroad give the engineering cadre a global perspective in power generation. Multi-skilling and structured personality development programmes are also organized to upgrade the skills of personnel to meet the requirements of organizational development. The workforce consists of about 6700 professionals including technocrats, administrators and supporting staff who share the vision and mission of KPCL.

**Financial Management**

KPCL is well known in the state of Karnataka as a profit-oriented and success-oriented organization. With an asset base of more than Rs. 5000 crores and a net worth of about Rs. 1700 crores, KPCL continues to play a significant role in power development in the state. Over the years, KPCL has shown its capability in handling capital expenditure of a high magnitude. The highly transparent and professional manner of functioning makes KPCL an attractive destination for lending institutions and banks. The management initiatives in financial restructuring have been noteworthy and resulted in savings of over Rs.20 crores per annum. The ultimate achievement of all cost savings measures is to increase the resources for new capacity development. KPCL has also lived up to the expectations of the shareholders and is gearing up to meet the needs of power trading. It is the professional approach and sustained performance that enables KPCL to associate with the leading players of the financial arena and obtain financing from them on attractive terms and conditions.

KPCL has been receiving financial assistance and cooperation from various sources. It is well known for maintaining sound financial relations from the beginning. The sources include: Government of Karnataka, Government of India and other agencies such as CEA, CWC, PFC, IDFC, SIDBI, ICICI Bank, HDFC, State Bank of India, Canara Bank, Syndicate Bank, State Bank of Mysore, Vijaya Bank, Union Bank of India, Andhra Bank, UCO Bank, Development Credit Bank, The South Indian Bank, Punjab National Bank, Indian Overseas Bank, Central Bank of India, Federal Bank, UTI Bank, Allahabad Bank, Bank of India, Vysya Bank, State Bank of Patiala, State Bank of Saurashtra, State Bank of Travancore and KFAED. Besides these agencies, there are large numbers of individual depositors who have invested their money and sustained KPCL’s progress wholeheartedly over the years.
KPCL’s high performance, operational efficiency, cost savings in financing, engineering and coal management, sound public relations and eco-friendly power generation have made it a profit making company of our times. Condition monitoring of generator transformers healthiness is initiated in order to contain the failure rate considerably. Newer construction techniques are also consciously developed for making future projects result oriented. KPCL has lived up to the expectations of the people by sustaining power generation and by meeting the targets set by the Government of Karnataka in respect of power generation and project development. The corporate communication department of KPCL is well equipped in terms of infrastructural facilities, human resources, advanced tools and modern technologies. This department also handles the corporate advertising operations of KPCL.

4.5. Grandi Mallikarjuna Rao Group (GMR)

Grandi Mallikarjuna Rao Group (GMR) was established in 1978, in Bangalore. The group has completed three decades of successful professional innings in vital sectors of national development such as airports, energy, highways, urban infrastructure and agri-business.

Organizational Management

The group has also entered into the area of sports by promoting the Indian Premier League team Delhi Dare Devils. The group identifies, develops, builds and operates infrastructure assets which are the part of the foundation’s sustained economic growth. This organization continues to make investment in social and economic infrastructure which is essential for developing a prosperous economy. The group is also growing global in the age of globalization. The gross assets under development grew by 43.81% from Rs.19,700 crores Rs.28,346 crores. This group also has a separate corporate communication department which handles corporate advertising campaigns in the present times.

Financial Management

The GMR Company has a well developed infrastructure for the creation and sustenance of an economy. It forms the foundation of an economy, reinforces its structure and integrates it into productive system. It is blessed with sound economy which builds, shapes, nourishes, energizes and synergizes its existence, growth and development. The company has crossed gross revenue from 2767 crore to about 2900 crore during 2009-10. It has also increased the net revenue by 37.8% from 1,715 crore
to Rs.2513.52 crore during 2009-10. The corporate governance of GMR has also invited the attention of the nation for its innovative and holistic approaches. Their corporate values are as follows.

- Entrepreneurial culture of the organization builds value adding business and enhances shareholders value.
- Team work and relationships bring in the synergy of human intelligence, contributing to organization’s well being, openness and transparency.
- Deliver the promise puts in place system of responsibility and accountability at every level.
- Learning not only makes organization more agile and competitive but also enhances the employees’ knowledge, competencies and net worth and thus builds her/his career with increased rewards.
- Social responsibility, values makes them totally responsible for tax and legal compliances, safeguards the interests of the society and nature; they recognize the needs of the needy.
- Respect for individuals, treats every shareholder, employee, vendor, customer, citizen and others with care, dignity and sensitivity.
- Humility above all constantly keeps achievement-rigged-arrogance-tendency under ever awakened vigil and empowers to discharge out duty with complete responsibility.

**Business Management**

The key areas of functioning include airports, energy, highways, agri-business, developments in HR and other aspects of organizational development. In 2008, the company achieved significant progress in the 30 years of its existence. It successfully launched the new Hyderabad Green Field Airport, which is well known in the country. The commissioning of Ambala-Chandigarh project has been another significant milestone of the organizations. The company has confidently managed the international financial crisis and expanded its business both locally and globally. The company has a well defined mandate to develop social infrastructure and enhance quality of life of communities around the locations of the groups’ establishments and activities. The company is well known for the accomplishment of the corporate social responsibility centered delivery system and operations. It has considered CSR as a social investment as opposed to corporate philanthropy. It has gone beyond charity.
and provided socially beneficial services which have attracted global attention and appreciation. The corporate communication department of the company has been well equipped in terms of man power, resources, technologies, strategies and operations. This department effectively manages various corporate advertising functions.

4.6. Royal Philips Electronics (Philips)

The Royal Philips Electronics (Philips) is a global leader in healthcare, lifestyle and lighting services. Philips integrates technologies and designs into people-centric solutions based on fundamental customer insights and the brand promise of ‘sense and simplicity’. It has headquarters in the Netherlands and carries out global operations spanning about 60 countries in the world. Philips Innovation Campus was established in Bangalore city in 1996 with the objective of meeting the growing needs of high quality, cost-effective software development capacity within the Philips organization. There are about 1,600 personnel who are working in different capacities and spheres of organization namely – real-time systems, component based software engineering, multi-threaded architecture and ASIC design methodology.

Organizational Management

With sales of 26 billion in the present times, the company is a market leader in cardiac care, acute care, home health care, energy efficient lighting solutions and new lighting applications. The Philips currently holds around 33,000 registered trademarks, 49,000 design rights and 2,600 domain names. It has also invested 1.6 billion dollars in research and development endeavors. It aims at managing global healthcare challenges by focusing on delivering better quality healthcare at lower costs, also in the emerging markets such as China and India. Philips innovation campus (PIC) is located in Bangalore. It is a division of Philips Electronics India Ltd which is owned 96% by Royal Philips Electronics, Netherland.

At present this organization has about 1600 personnel who are known for professional excellence. It has also built up extensive know-how and expertise in the software engineering paradigms and platforms including real-time systems, component based software engineering, multi-threaded architecture and ASIC design methodologies. It has also become a crucial partner in the development of strategic and futuristic technologies for Philips all over the globe. The vision statement (2010) clearly identifies the character of the Philips as a people focused market driven company that is organized around its customers and markets. It has a well developed
corporate communication department which is handling corporate advertising activities.

The company is committed to reducing its environmental footprint in all aspects of its business in the product, manufacturing, procurement as well as in the communities where the company acts and in the working practices of its personnel. The company’s products and services go through an eco-design process, identifying environmental impact in terms of energy efficiency, hazardous substances, take-back and recycling. The company is widely recognized as a global leader across its healthcare, lighting and lifestyle portfolio. It is also one of the leading flat TV brands globally speaking.

The company has emerged as a crucial partner in the development of strategy and futuristic technologies for Philips across the globe. It has built up an extensive software expertise in the areas of embedded and information system engineering, architecture design, programming and testing and so on. In addition, competencies in the areas of project management, quality assurance, customer relations and service delivery systems are undertaken on a priority basis. The corporate communication department of Philips is headed and manned by competent persons. It has adopted global standards of corporate communication. Several tools and technologies are utilized for the purpose of corporate advertising management which has attracted the attention of the customers and other stakeholders.

4.7. Biocon

Biocon is India’s largest biotech company which is committed to delivering affordable innovation with a view to reduce therapy costs of chronic diseases like diabetes, cancer and autoimmune diseases by leveraging India’s cost advantage. It intends to deliver affordable healthcare solutions to patients, partners and healthcare systems across the globe. The Biocon’s key innovations include world’s first Pichia based recombinant human insulin, INSUGEN, insulin analogue Glargine, BASALOG and India’s first indigenously produced monoclonal antibody BioMAb-EGFR, for head and neck cancer. INSUPen is a next generation affordable insulin delivery device introduced in India by Biocon.

Organizational Management

The company has successfully evolved into an emerging global biopharma enterprise over a period of time serving its partners and customers in over 75
countries. It is also a fully integrated biopharma company which delivers innovative biopharmaceutical solutions, ranging from discovery to development and commercialization, leveraging the cutting edge science, cost-effective drug development capabilities and global scale manufacturing capacities, to move ideas to market. Biocon, Syngene and Clinigene together employ over 6,900 qualified personnel – from biologists, chemists, medical practitioners, pharmacologists, engineers, finance/legal /marketing analysts and HR specialists to general administrators. About 5% of the employees have doctorate and post-doctorate degrees, 47% have master’s degree in science or management and the remaining are graduates with bachelor’s degree in science, commerce or arts. About 13% of employees are women (across the group). The annualized employee attrition for Q3 FY 2012-13 is 22.5%. The average age of an employee is 30 years.

The company aims to be an integrated biotechnology enterprise of global distinction. The objectives of the company include - intellectual asset creation through discovery, research and development, state-of-the-art manufacturing capabilities, internationally benchmarked quality and regulatory systems, new medical insight through disease specific clinical research, customer relationship through outstanding products and services, human resource development through training, mentoring and empowering and management of research and business partnerships. The subsidiary companies of Biocon include – Syngene International Limited (custom research organization offering synthetic chemistry and molecular biology services for early stage drug discovery and development), Clinigene International Limited (clinical research organization offering Phase I-IV clinical trials and studies for novel/generic molecules to international pharmaceutical majors), Biocon Biopharmaceuticals Private Limited (joint venture with CIMAB to develop and market a range of monoclonal antibodies and cancer vaccines), Biocon Research Limited (wholly owned subsidiary set up to undertake discovery and development research work in biologics, antibody molecules and proteins), NeoBiocon FZ LLC (research and marketing pharmaceutical company based in Abu Dhabi), Biocon SA (wholly owned subsidiary in Switzerland primarily engaged in the development and commercialization of biopharmaceuticals across the globe).

Financial Management

The board of directors determines strategic business imperatives and mentors the achievement of the corporate goals. The key management team focuses on driving
innovative work practices and higher process maturity across the organization. It ensures the corporate governance through regular reviews of our financial performance and critical business issues. According to the annual report of 2012-13, the revenue of the company has increased to 21,483 million. The research services business has posted an impressive operational performance, with combined sales for the year ending March 31, 2012 totaling 4,101 million. This represents year-on-year growth of over 29% and delivers profitability at an EBITDA margin of 31%. The revenue of the company stood at Rs. 2,148 crore. The shareholders’ funds constituted Rs. 2,272 crore while the total assets of the company cost Rs. 3,945 crore. The company invested Rs. 157 crore for the research and developments activities. The net profit of the company stood at Rs. 338 crore.

Research and Development

The company received ISO 9001 accreditation in 1993 and recertification for ISO 9001:2008. It also implemented an integrated environment, health and safety management system. It has ISO 14001:2004 certification and OHSAS 18001:2007 certification. The company is a fully integrated biopharmaceutical company focused on biopharmaceuticals, custom research and clinical research. The company is advancing its in-house R&D programs, and is also providing integrated research services to leading global pharmaceutical and biotechnology companies through Syngene and Clinigene. Biocon has rapidly developed a robust novel and biosimilars pipeline, focusing on Diabetes, Oncology and auto-immune diseases. The biosimilar insulin, an outcome of incremental innovation, is one of the world’s most affordable therapies for insulin dependent diabetes. Bio-generic monoclonal antibodies are forming the core of the evolutionary innovation strategy. In the more challenging area of experimental innovation, Biocon is at the cutting edge. The company is developing conjugated antibodies to potentially deliver therapeutic cancer vaccines. It is also pursuing a path of breakthrough innovation through global phase II human clinical trials to develop the world’s first oral insulin. Biocon is constantly traversing the path of delivering affordable therapeutics to the patients worldwide.

The company has shaped its business into five key growth verticals with the aim to deliver sustainable long term value for patients, partners and healthcare systems across the globe. The fully integrated business model spans the entire drug value chain, from pre-clinical discovery to clinical development. The company’s businesses in custom research (syngene), clinical development (clinigene) and
biopharmaceuticals (biocon) provide multiple revenue streams to balance risk, drive innovation, deliver products and accelerate growth. The custom and clinical research services will continue to offer important synergies. The Biocon’s custom research organization, Syngene, offers modular and integrated services in small and large molecule discovery and development. Offering meticulous IPR protection, the company provides customized solutions to pharmaceutical, biotechnology, chemical, and agrochemical industries in the areas of chemistry, biology, process development and scale-up, formulation and analytical development, preclinical services, and GMP manufacturing for clinical supplies.

Clinigene International Limited, a subsidiary of Syngene, is a full-service clinical research organization. It is an innovative provider of world-class clinical research solutions to global pharmaceutical and biotechnology companies. With state-of-the-art infrastructure and highly experienced clinical research professionals, Clinigene’s services span a broad spectrum of drug development activities including human pharmacology, bioanalytical research laboratory for small and large molecules, central laboratory, clinical operations, medical writing, medical monitoring, safety management and pharmacovigilance, clinical data management and biostatistics and regulatory services supporting early through late phase clinical development programs across a wide range of therapeutic areas.

The Biocon has an impressive track record of commercialization capabilities. The company has brought to market a considerable portfolio of biopharmaceuticals, led by the blockbuster Stations. The commercialization of Insulin, Immunosuppressant’s and a range of Biogenetics demonstrates the highly advanced process development and manufacturing expertise. Under rapid progress are two challenging collaborative projects for the development of novel medicine, including Oral Insulin and T1h. Biocon also markets a basket of branded formulations in India, among them INSUGEN, BIOMAb EGFR and EPO.

The Biocon is focused on developing cutting edge intellectual property as a core value differentiator. Biocon’s patent portfolio totals close to 1,210 applications worldwide with over 291 granted patents; covering technology areas of fermentation, protein purification, drug delivery systems and bio-therapeutic molecules. IP analysis is a tool used to actively support R&D and marketing in its scientific quest and marketing strategies respectively. As Biocon continues to strengthen its knowledge base in small molecules, recombinant proteins and antibodies, through co-
development and research collaborations with strategic global partners, the IP generated is either shared or owned by Biocon. Adequate protection of the intellectual output generated by RandD entails strategic decisions for filing patents at the appropriate time and place with effective cost benefit ratio. The commercial potential of this intangible asset is harnessed by licensing opportunities and its exclusive use. The research services business showed a robust 29% revenue growth from 3,177 million to 4,101 million by the end of 2012. The company has seen exceptional growth in the research services business which is an outcome of the strategic investments they have made over the last two years in enhancing the integrated service offerings.

**Corporate Governance and Communication**

The Biocon is a promising corporate house of our times which is known for advanced corporate governance across the globe. It has investors, employees, financiers, government agencies, media organizations and local community based corporate communication activities. The board of directors is the competent authority to make policies on the activities of the company. Biocon is committed to sound corporate governance and has developed healthy practices of corporate communication. The company has a well organized corporate communication department which is supervised by the human resources development branch. The company has a competent team of corporate communication professionals who reach out to various stakeholders of Biocon. The company has print, electronic and online communication channels. The corporate communicators also function as effective image builders and events managers. The company also uses advanced corporate communication tools and techniques in order to enlist the active participation of various stakeholders in the process of business management. Biocon enjoys the benefit of direct access to customers across the globe. The professionals are well versed with the art and craft of corporate communication. The company has also received national and international awards and recognitions for corporate social responsibility over a period of time.

**Corporate Social Responsibility**

The company is also actively involved in community welfare activities. The Narayana Hrudayalaya and Biocon Foundation have joined hands to offer high technology healthcare that is also affordable. The ‘Bangalore Health City’, consists of a heart hospital, an eye hospital and an orthopedic hospital. Mazumdar Shaw Cancer
Centre, a 1400 bed Cancer Hospital was set up in the Health City premises to ensure affordable cancer care to patients. In the area of child education, Biocon Foundation has collaborated with Pratima Rao, a prominent educationist and MacMillan India, a leading educational publisher, to inculcate a love for math and self-reliance in learning through innovative mathematics text books – ‘Chinnara Ganita’. The Chinnara Ganitha programme was launched in 2006 and initially targeted children in 1st and 2nd standard in government schools.

The Aata Pata Wadi project was launched in 2009 with its first Aata Pata Wadi (after school resource center) in Thithimati in Kodagu district of Karnataka. The children’s daily nutrition is supplemented by healthy refreshments and a health drink that is provided every evening, as they arrive at the center after school. The center is designed to be bright, airy and comfortable and has separate toilets for boys and girls. This also reinforces awareness of basic hygiene and related habits. The company has also launched another programme called ‘Kelsa’ which is an initiative that tries to inexpensively reach out to low income staff. It provides free to use, open access, internet connected PCs for Biocon’s support staff including housekeeping, maintenance, security and transport workers. The company began the sanitation initiative in 2007 with an aim to offer poor rural communities access to safe and sustainable sanitation facilities.

The company endeavors to improve the health status of underprivileged village communities, decrease the environmental impact of inadequate sanitation practices and ultimately, generate economic benefits by increasing the number of workdays. The company has also built individual household toilets for the rural community in the project area. It has undertaken up gradation of infrastructure of existing government schools or built wherever needed. The foundation has identified 25 schools in the first year. It has sponsored the construction of primary schools; compound wall, school stage and toilet block in the backward areas. It has provided flood relief services in times of need. It launched community rehabilitation and development project in North Karnataka during 2009. The company has provided community health and hygiene education to the needy people in the urban and rural areas.

Biocon is well placed to leverage many of the developmental opportunities. The Insulin’s portfolio enables the company to strike a sizeable share of the biosimilar insulins market, which is expected to reach US$ 20 billion by 2020.
Monoclonal Antibodies programs focus on oncology, rheumatoid arthritis and other areas. The company has already begun unlocking value in emerging markets with Biosimilar Recombinant Human Insulin which has found market in over 30 countries through various regional marketing alliances. In future, the company primarily focuses on the five growth verticals such as Herceptin, MabThera–Roche, Enbrel–Pfizer+Amgen, Remicade–Johnson and Johnson, Lantus–Aventis, Humalog–Eli Lilly, NovoLog–Novo Nordisk diabetes the world over. The branded formulations have helped energize the company not only in terms of earnings but also in creating brand equity. Biocon’s nephrology division continues to forge ahead with its well balanced portfolio of products for dialysis and transplant patients, with most brands featuring amongst the top three. The dialysis market is experiencing unprecedented growth through the establishment of branded chains of dialysis centers across the country. This is expected to expand the market for the leading erythropoietin brand, ERYPRO in future.

4.8. Summary

The public and private undertakings of Karnataka State namely – Bharat Earth Movers Limited (BEML), Bharat Heavy Electricals Limited (BHEL), Karnataka Power Corporation Ltd (KPCL), Grandi Mallikarjuna Rao Group (GMR), Royal Philips Electronics (Philips) and Biocon have achieved commendable progress in the field of business management in general and advertising practice in particular over a period of time. These corporate houses have earned national and international recognition for their outstanding contributions for the development of national economy. They are well known in the country for their sound business progress and corporate social responsibility. These corporate houses have well established corporate communication and advertising divisions which are headed by experts. They have reached out to various internal and external publics through innovative corporate advertising practices, tools and strategies which have boosted the institutional image. The efforts of these corporate houses to increase their business transactions and deliver socially beneficial goods and services have earned appreciation from media and society. These six organizations have established better identities and delivered outstanding services towards the progress of the country.