

# Malabar Cements Limited : A Successful Employer In The Indian Cement Industry

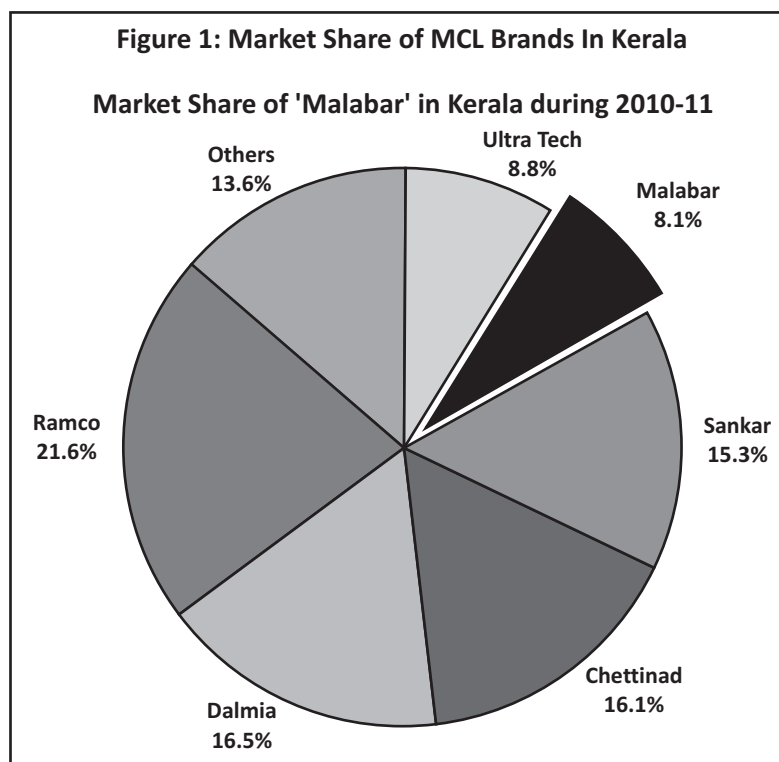
\* G. Sivaramakrishnan  
\*\* Mohammad Sulaiman I.

## INTRODUCTION

The total production capacity of the Indian cement Industry had gone up to 245 million tonnes by the end of March 2011 from 233.7 million tonnes in March 2010. The cement production of major companies improved to 234 million tonnes in 2010-11, showing a growth of 5.3%. The average capacity utilization of the industry dropped to 76% from the previous year's figure of 83%. The share of public sector cement companies in the total capacity of the industry was less than 2.5%, and average capacity utilization of the public sector was only 71% in 2010-11.

Among the public sector companies, performance of Malabar Cements Limited (MCL) was the best, with average capacity utilization of 93.8% in the year 2010 -11. It may be noted that capacity utilization of the company's Walayar Plant alone was 135.5% in the year. Financial performance of cement companies was generally good during the year. Financial performance of the company is comparable to that of the private sector cement companies in South India.

The cement consumption within the country during 2010-11 showed an average growth of 4.7 percent, whereas, the cement consumption in Kerala was 72 lakhs tonnes during the year.



The Figure 1 shows the market share of different brands of cement in the State. Ramco has the highest market share of 21.6% in Kerala, followed by Dalmia with 16.5%, Chettinadu with 16.1% and Sankar with 15.3%. Malabar occupied the sixth place, with 8.1%. As demand for cement in Kerala has been increasing, the MCL contribution has shown a downward trend.

\* Professor, Karpagam of College of Engineering, Coimbatore - 641032, Tamil Nadu. E-mail : ganshiv\_g@yahoo.co.in

\*\* Research Scholar, Karpagam University, Coimbatore - 641021, Tamil Nadu.

## LITERATURE REVIEW

Selected reviews on the topic of Model employer revealed the following insights and perceptions on the topic.

- 1) Barman and Seshadri (2009) initiated meta- perspective performance measurements scale review and validity check for employees of an Indian organization for measuring the performance of employees.
- 2) Bharathi (2009) in her journal article "*Employees Engagement Practices in Spinning Mills- An Empirical Study*" identified in her study that in large organizations, the value of HR functions has its impact on higher productivity, enhanced quality, better customer service, good industrial relations and lower cost, which have an influence on the profitability of organizations and that effective HR practices play an important role in achieving all the above said factors.
- 3) Bose and Madasamy (2009) in their paper "*A Study On The Job Satisfaction Of The Employees Of Fireworks Industries*" clarified that Job Satisfaction is a very important attribute which is frequently measured by organizations. The most common way of measurement is the use of rating scales where employees report their concerns and their reactions to their jobs. The proper implementation of Health, Safety and Welfare measures satisfy the employees and would help the employers to improve the productivity of employees.
- 4) Sharma and Gupta (2009) in their journal article "*Factors Determining Employees Satisfaction- A Case Study of Public Sector Organizations in Jammu Region*" clarified that Factor analysis helps to identify the actual factors which determine job satisfaction among the employees. To have more clarity on factor solution and to reduce the inaccuracies, rotation along with the varimax method of rotation factors was used.
- 5) Dubey and Singh (2010) in their paper "*Cement Industry Value Delivery Network – A Blue Print for Networking The Flow of Material, Information and Cash*" stressed that the importance of cement in developing the infrastructure in India is growing after the decontrol of cement in 1989 and they further clarified that the performance of the Cement industry largely depends upon the domestic market and government policies. The large cement companies are exporting cement and are surviving in the competitive market inspite of all odds . The Cement Manufacturers Association plays an important role in stabilizing the market and in maintaining productivity. They also stated that Cement has become the most essential product which contributes to the national development in terms of money and material.
- 6) Ahuja, Singh and Sharma (2010) in their journal article "*Training Of Personnel In Oriental Insurance Company Ltd: A Study of Regional Offices In Punjab and Haryana*" identified that in the present times, commerce and trade depend entirely on insurance for their operation. No bank would advance a loan on the security of the property unless it is insured against loss or damage by insurable perils. In the Cement industry, the companies are taking huge insurance to protect their heavy machinery from disaster. In addition to that, the employers are taking group insurance as a social security measure.
- 7) Banga (2008) in her paper on "*Factor Analysis With Reference To Training Of Line Staff In Jaipur Dairy, Rajasthan*" identified key forms of training using factor analysis and examined their managerial implications. Due to a highly competitive market and demanding customers, producers require a skilled and dedicated work force. Hence, it has become imperative to examine the attitude of workers to understand the important factors for designing training programmes. In Malabar Cements Limited, the company has realized the importance of training and has created a separate department for imparting suitable on the job and off the job training to the employees.
- 8) Sivarethina Mohan (2008) in his paper '*Determinants of Executive Employees Stress at Indian Multinationals Using Multivariate Statistics : Factor Analysis - Principal Component*' observed that job stress is a common problem faced by employees due to various factors. An inner conflict develops stress. Human being can tolerate a certain level of stress. Damage - psychological or physical occurs when the employees are continually exposed to low or higher level of stress. The individual has to do continuous physical exercise, and adhere to time management to reduce job stress. In the cement industry, the employees suffer from various physical problems due to occupational diseases and face job stress on account of chemical processes and allergic problems.
- 9) Rathnam (2008) in his journal article "*Competency Models And Approaches In Management*" observed that in a continuously changing environment, it has become impossible to manage successfully without sustained personal development. The managers of organizations face the globalization of business, rapid technological change, continual

re-organizing and competency-based competition. These developments force the employers to identify the core areas, which require skill development, and impart training for developing the competency level of employees. In the light of the dynamic changes, managers' competencies also need to be renewed on a regular basis. In the Cement industry, the big companies are able to spend a huge amount for imparting modernized training to their employees, whereas small organizations are facing financial problems and marketing issues. In order to survive in the market, the small organizations depend on their human resources with available infrastructure.

However, the above studies did not give the insights and perceptions on the study of Malabar Cements Ltd. as a model employer and hence, it did establish the gap that this specific topic was not studied and hence, the topic is worth a study.

## THE SAGA OF SUCCESS

✿ **Productivity** : Malabar Cements Limited (MCL), an IS/ISO 9001:2008 certified company, is a star performer among the State Public Sector Undertakings (PSUs) in the State of Kerala. MCL is the only gray cement manufacturer in the State. The company operates a 4.2 lakh MT capacity Grey Cement Plant at Walayar in Palakkad district and a 2.0 lakh MT capacity grinding unit at Cherthala provides direct employment to nearly 1000 persons and to an equal number indirectly.

The Cement Plant of MCL is based on the limited limestone deposit at Pandarathu Hills inside the Walayar forests. The entire cement produced, which constitutes 6 percent of the total cement requirement of the State, is marketed within Kerala; thereby, MCL is assuring 100% contribution to the development of the State. The premium products of the company meeting the ISO standards are '*Malabar Classic*' -fly ash based Portland Cement (PPC), '*Malabar Aiswarya*' - Slag based Portland Cement (PSC) and '*Malabar Super*' - Ordinary Portland Cement (OPC). The cement is marketed through a network of Stockists spread over the entire State. Proper planning at Malabar Cements Ltd. improved the availability of sweetener limestone and coal ; changing of bricks with imported basic bricks improved lining life in kiln, and modification of pollution-control equipments reduced the wastage of materials, etc. All these measures improved the productivity. Launching of two superior quality products under the brand-name *Malabar Super* and *Malabar Classic* in the year 1994-95 boosted marketing activities. In terms of capacity utilization, this plant has been operating above the national average of the industry and at almost double than that of the public sector cement units. In the financial year 2010-11, the plant achieved a record capacity utilization of 138.5%.

MCL has been maintaining excellent operating parameters at par with international standards in almost all areas of operations, which is a matter that has been well appreciated by both the Department Related Parliamentary Standing Committee on Commerce (DRPSC) and the Bureau of Indian Standards (BIS).

✿ **Sustainability** : Barring one or two years during which the MCL incurred losses because of reasons beyond its control, MCL has been running continuously on profit over the years, right since its inception. Every year, the company contributes ₹ 70-90 crores to the Central and state exchequers by way of various statutory levies. MCL won the prestigious Trade Award in 2010 (instituted by the Government of Kerala) in recognition of paying the highest tax amounts to the Government and for its promptness in dealing with tax related matters. It is a matter of extreme pride that the company has not lost a single day due to labour unrest in its history, panning over a period of more than 25 years - a synonym for abounding unity and dedication ubiquitous among its workforce.

✿ **Governance** : MCL has been continuously striving to keep its surroundings pollution free. As a part of its commitment of protecting the environment, pollution-control measures are regularly updated to meet the emission standards stipulated by the Pollution Control Board. The company implemented new pollution-control equipment at the cost of nearly ₹ 20 crore during the financial year (2010-11) alone.

## OBJECTIVES OF THE STUDY

The main objectives of the study are:

- ✿ To establish the importance of survival of the public sector in Indian industries;
- ✿ The contribution of the public sector in nation building, namely, the contribution to the central/state exchequer ;
- ✿ Commitment of the public sector to the people and the society at large.

## NEED OF THE STUDY

The need of the study can be listed as follows:

- ✿ To highlight the success story of MCL and strategies that have led to its survival and growth in the cement industry.
- ✿ To establish the importance of PSUs in the Indian industries.
- ✿ To emphasize that the PSUs are not liabilities, but are assets of the nation.
- ✿ To show that a good PSU with best management can be a successful employer in the corporate setup .

## SIGNIFICANCE OF THE STUDY

The significance of the study is to examine the importance of Malabar Cements in contributing to the State and National economy.

## A BRIEF HISTORY

Malabar Cements Limited is a 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 ₹ 68 crores has a paid up equity capital of ₹ 26 crores, and is fully owned by the Government of Kerala. The Factory at Walayar is rated to produce 4.2 lakh tonnes of cement per annum (1200 TPD), and the Grinding Unit at Cherthala has a capacity of 2 lakh tonnes of cement per annum (600 TPD).

The 1970's was a period when the State was virtually starving for cement - a fully controlled commodity at that time. There was no Portland cement factory in the State at that point of time. The Govt. of Kerala had to enter into a barter deal with the Govt. of Tamil Nadu - cement for power. The only limestone deposit in the State identified by the Geological Survey of India in 1961-62 and later proved after exploratory drilling by the Mineral Exploration of India in 1974 -75, is in the Pandarethu Valley of the Walayar region on the northern side of the Palakkad gap. This deposit is located in a dense forest area and hilly terrain. Despite difficult terrain and hazardous conditions at the limestone site, the State Government ventured to put up a Cement factory. The Kerala State Industrial Development Corporation (KSIDC) engaged M/s. Holtec Engineers Pvt. Ltd. in 1975 to study the feasibility of putting up a cement plant at Walayar. The feasibility study conducted by M/s. Holtec revealed that the construction of a 1200 tonnes per day dry process cement plant using the Pandarethu limestone was feasible from techno-economic considerations and will bring considerable socio - economic benefits to the State. So, the Kerala State Industrial Development Corporation obtained an industrial license for the manufacture of Cement in November 1976 and decided to go ahead with the project and formed Malabar Cements Limited to set up, own and operate the proposed cement plant. Malabar Cements Limited engaged M/s. Holtec as technical consultants for the project. M/s. Indian Bureau of Mines was assigned work for the preparation of the mining plan and to prepare the project report for development and exploitation of the limestone deposits. The plant was commissioned on February 2, 1984 and started the commercial production on April 30, 1984. Malabar Cements Ltd. had to face teething troubles during the initial period (more than what is normally expected in a cement plant of this size). Engineers and technicians were new to most of the problems, and the first 2-3 years ended with very low capacity utilization and naturally, it caused a huge financial loss. The accumulated loss in the first three years mounted up to as high as ₹ 16.15 crores, eating away practically the entire share capital and the plant was perceived to be *'irretrievably sick'*.

Though the Company has opened its account with 25% capacity utilization, the capacity utilization shot up to 91.2% in the year 1987-88. Because of the high rate of input cost and low realization, that year also ended up with a nominal loss of ₹ 27 lakhs. But the situation changed in the next year, and the Company achieved a Net Profit of ₹ 250 lakhs, for the first time. Frequent failure of lining in the kiln, non-availability of sweetener limestone, coal, power, etc. reduced the capacity utilization, which affected the profitability for the next two years also.

## QUALITY POLICY

Every employee of Malabar Cements Limited commits to comply with all the requirements to continually improve the effectiveness of the Quality Management System and strives:

- ✿ To identify various groups of customers .
- ✿ To understand their respective needs and desires, either stated or not stated.
- ✿ To ensure best possible quality in products and services.

✿ To meet and exceed the expectations of the customers.

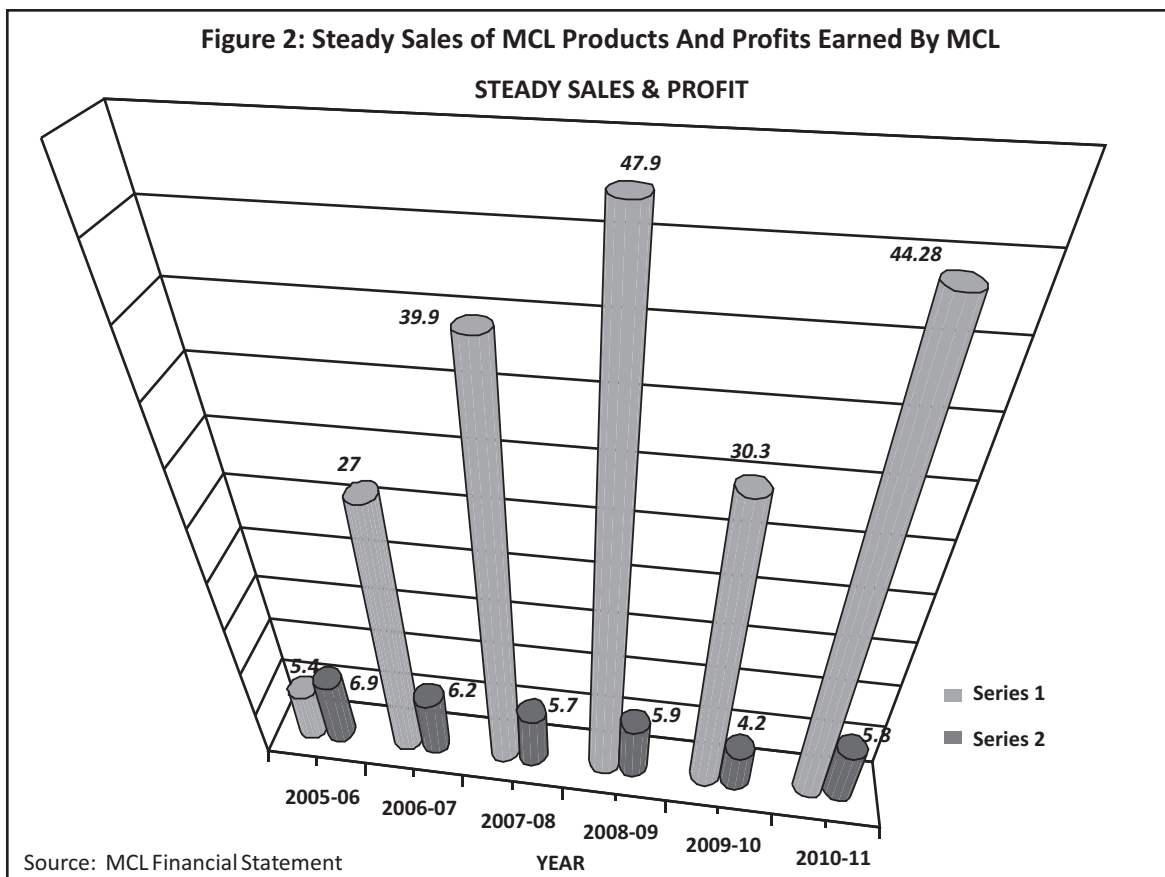
## PRODUCT PROFILE INPUT QUALITIES

Malabar Cements Ltd. is a synonym for superior quality, as is claimed by thousands of their customers spread throughout the state. In MCL products, improvement is not a one-time strategy for boosting sales in the product life cycle. It is the quest for excellence, and distinction thus begins with scientific selection of the best raw materials for clinker; stringent quality control in pre-blending raw materials, clinkerisation, clinker grinding and finally into cement packaging.

✿ **Malabar Super** : Malabar Super is fabulous in every sense: super in strength, wonderful in workability, incredible in aging, implausible in durability, and fantastic in strength gain : an amazing performer. Malabar Super is superior in strength to ordinary '43' grade cement OPC manufactured within the country. Its 28-days strength is about 50 % more than the IS specification. The amazing strength of Malabar Super arises out of its unequaled particle fineness, 33 percent more than the IS specification and consistency in composition made possible by a computerized process control system.

✿ **Malabar Classic** : This offers better setting properties, delayed initial set and early final set; offering better working time and reduced observation time. It also reduces heat generation during hydration, making it a better workable product for mass concreting. The extra fineness welded into it allows Malabar Classic better coverage and finish for wall and roof plastering, which in turn reduces paint consumption.

✿ **Malabar Aiswarya** : Aiswarya brings in prosperity in many ways. It increases the life of your structures by safeguarding against attack. Aiswarya offers high quality. Aiswarya generates less heat of hydration, reduces the formation of getting cracks. This product is best studied for construction in soil and water with excess alkali metals, sulphates, alumina, iron and acidic waters. To obtain the best-quality cement, only glassy granulated slag is used for product manufacturing.





## FINANCIAL STRENGTH OF THE COMPANY

The financial performance of the company was excellent during the past five years. The company listed a record turnover of ₹ 279 crores for the year 2008-09 as against the previous highest turnover of ₹ 253 crores in 2007-08. The net profit before tax was a record of ₹ 47.86 crores in the year 2008-09. The company bagged the status as the highest profit making state PSU in the productive sector in 2007-08. The turnover was ₹ 278 crore, and the net profit was ₹ 44.28 crores in 2010-11 with the production from the Walayar plant alone.

MCL is a healthy company, with a sound financial base. The accumulated net profit of the Company as on 31.03.2010 was ₹ 126 crores. While most public sector undertakings stagger under debt burdens, MCL has wisely invested profit in value addition, in an attempt to widen its horizons for *Building a Stronger Kerala*. The Company has not approached the Government for any kind of financial support during the last nineteen years. The Company is contributing extensively to the Government exchequer by way of Excise Duty, KVAT, and Royalty. The contribution in 2008-09 was the highest, at ₹ 73 crores. The Company also paid ₹ 16.84 crores as Income Tax of the year 2008-09. The contribution to the Government exchequer in 2010-11 was ₹ 68 crores, along with Income tax of ₹ 17 crores. The Commissionerate of Central Excise, Kozhikode has honoured MCL for the last two years for remitting the highest Excise Duty. MCL declared a dividend of ₹ 5.20 crores each for the years 2008-09 and 2009-10 to the Government.

The Walayar plant registered record cement production of 581600 tonnes in the financial year 2010-11, as against the previous best figures of 502220 tonnes that was achieved in 2005-06. The capacity utilization of the Walayar plant was 138.5% in 2010-11. Total despatch during the year was 580494 tonnes. The Figure 2 shows the steady progress in profit over the years. Clinker production improved to 4, 30,740 tonnes in 2008-09 from the previous year's figure of 4, 12,270 tonnes. The actual running days improved to 335 days, but with low average output rate of 1286 tonnes per day. Clinker could be only 3.41 lakh MTs and 3.98 lakh MTs in 2009-10 and 2010-11.

The physical performance and financial performance figures for the past five years	Year					
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Particulars						
Clinker Production (MT)	4.26	4.12	4.31	3.41	3.98	3.50
Cement Production (MT)	6.21	5.69	6.00	4.17	5.82	5.23
Cement Sale (MT)	6.24	5.67	5.91	4.22	5.80	5.23
Capacity Utilization (%)	100.2	91.8	96.8	67.2	93.8	85
Turnover ( ₹ Crores)	239.70	253.49	278.77	189.41	277.71	295.29
Profit ( ₹ Crores)	27.05	39.94	47.86	30.32	44.28	48.83

## MODERNIZATION PROJECTS

The major modernization projects undertaken by the company since commissioning are as follows:

✿ **Installation of Electronic Packer For Its Walayar Plant:** MCL was having two packers at the Walayar Plant; one is the L & T make mechanical packer, and the other is an electronic packer. The L & T Mechanical Packer was running since the inception of the plant and one Electronic Packer was commissioned during the year 2000. The Mechanical Packer became obsolete and availability of the required spares became scarce and maintenance of the same was a problem to the Company. Hence, it was decided to go for the replacement of the Mechanical Packer with the Electronic Packer. The project was successfully commissioned on October 5, 2010.

✿ **Installation of X-Ray Analyzer :** To maintain the quality of the raw material receipts, checking quality of the processes at various stages of production, and ascertaining the quality of the final product, analysis of samples in the shortest possible time is essential. Manual tests and analysis, as was being done, is a time consuming process, and there are chances for errors. X-ray Analyzer helps in online and effective testing and analysis of process parameters and suggests corrective measures if needed, and thereby improves process quality control. The Company procured an X-

Ray analyzer and started using the same with effect from July 6, 2011.

✿ **Construction of 4000 Tonnes Silo For Fly Ash:** At present, the capacity of fly ash silo is just 1600 tonnes. It can only store fly ash sufficient for 3 days production. As the supply of fly ash is irregular at times, and there are interruptions in pozolana based cement production owing to this factor, it was proposed to construct a 4000 tonnes capacity silo for improving the storage of fly ash.

✿ **Installation of Common Bag House (RABH System):** State Pollution Control Board insisted to reduce the dust emission level from 150mg/Nm<sup>3</sup> to 50mg/Nm<sup>3</sup>. So, it was decided to replace the existing ESPs of Kiln and Raw Mill with latest technology to conform to the norms of dust emission. The project was taken up and commissioned on July 30, 2010. With this installation, the company could comply to the CPCB and KSPCB directions.

✿ **ERP System:** Manufacturers are under constant pressure from customers, shareholders, and suppliers to continuously improve and make better products quickly and efficiently. Competing in a dynamic environment and meeting global challenges requires agility. Successful companies must be able to respond quickly and cost-effectively to change. The change could be of any type; shift in customer demands and supply chain partners, modifications of a business model or business process, business expansion and the need for new initiatives like outsourcing, and regulatory pressures imposed by financial markets, industry groups, and government bodies. Manufacturers need to convert their factories into responsive, demand-driven, profit-making enterprises by optimizing their operations. Their competitive advantage and ultimate survival depends on the use of information systems and technology.

Enterprise Resource Planning (ERP) is a single software solution that integrates all activities of an organization. SAP is the world's most popular ERP packages available today. Malabar Cements implemented this package in the year 2007.

MCL is the first PSU in Kerala to adopt this new-generation software. The mission while implementing this software was *"towards a transparent, efficient and model enterprise through business process re-engineering."*

In brief, the various business activities of the organization, which were working as independent transactions earlier, are now tightly integrated with the usage of this ERP software. The transparencies of the activities have also improved. All the business activities of Malabar Cements Ltd. are now seen across the organization at any point of time based upon the authority level and roles of users. The company laid around 2 kms OFC inside the factory, structured UTP cabling with 24 ports in various offices, a 7 km wireless link to mines office, 1 km wireless link to ropeway, WIFI connectivity in the main office, 200 km long leased Line connectivity to Cherthala office and Broadband connectivity to depot offices in major districts.

## **GOVERNANCE: BEST MANUFACTURING PRACTICES**

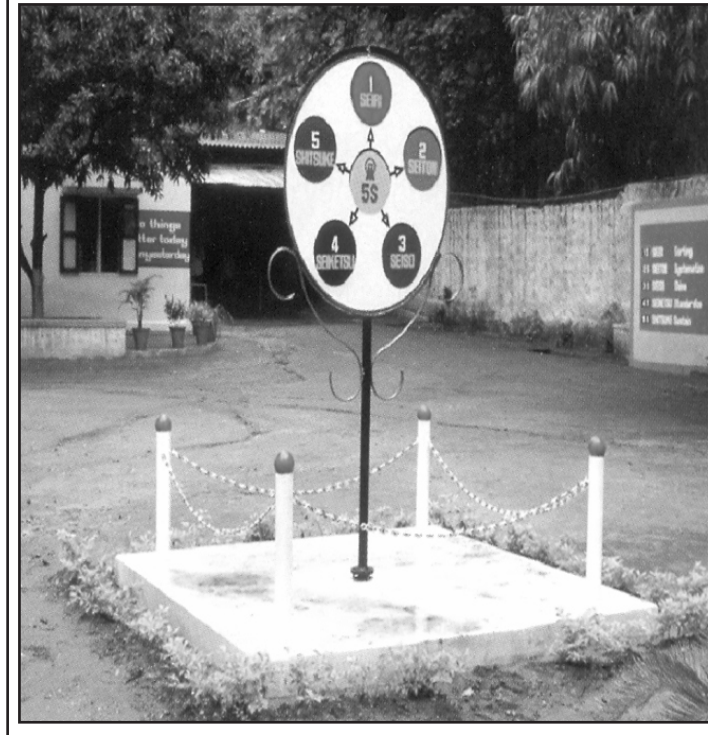
5S is the name of a workplace organization methodology that practices the true spirit of five Japanese words; translated into English, all start with the letter S. This list is a methodology that is often incorrectly characterized as standardized cleanup; however, it is much more than a cleanup; 5S is a philosophy and a way of organizing and managing the workspace and workflow with the intent to improve efficiency by eliminating waste, improving flow and reducing process unevenness. It is a systematic approach for productivity, quality and safety improvement in all types of businesses. The concept is that we can do things better today than yesterday, still better tomorrow than today. The Japanese say that if we do not practice the 5S, the S we have to face is '*Sagasu*' - Searching. By practicing 5S, we will be able to achieve '*Shikkari Shiyoo*' - Perfection in everything.

The 5S concept was initially implemented in Malabar Cements Ltd. in the year 2006. At the inception, the company faced a lot of difficulties in changing the mindset of the employees, as it is purely an attitude-based activity. Subsequently, the effort was well established in the minds of all employees. Now, the 5S concept has become the style of function in the company.

## **PARTNERING WORKFORCE**

Harmonious industrial relations between labour and management are essential to achieve industrial peace and higher productivity. When the relationship between the parties is not cordial, discontent develops and conflicts erupt abruptly. It is not always easy to put out the fires with the existing dispute settlement machinery created by the Government. Hence, both the labour and the management must appreciate the importance of openness, trust, and collaboration in

**Figure 3 : The 5S Emblem Installed At MCL**



their day-to-day dealings. The company and the trade unions are maintaining a cordial relationship for the past 25 years in MCL. At no point of time did the union resorted to long strikes, nor the management took any drastic step such as a lockout. The company and the trade unions are fulfilling their responsibilities for the all - round organizational development. Being the sole owner, the Government of Kerala is also playing a key role in this matter. MCL is having about 1000 permanent employees, including the managers. There are three recognized trade unions in the company affiliated to CITU, INTUC, and STU.

In the statutory committees constituted by the company, these unions nominate their representatives and actively participate in the functioning of these committees. The parliamentary standing committee on commerce, which visited MCL in July 2010, applauded this style of functioning of the management and praised the long term industrial peace maintained in the company.

## **TRAINING AND DEVELOPMENT**

Training is the most important function that directly contributes to the development of human resources. Training is essential because technology is developing continuously and that too at a fast rate. Systems and practices get outdated soon due to new discoveries in technology, including technical, managerial, and behavioural aspects. A good system of training starts with the identification of the training needs.

The training offers innumerable benefits to employees and employers. It makes the employees more productive and more useful to an organization. Malabar Cements Ltd. is spending lakhs for imparting internal and external training programmes to the employees. To meet the growing requirement of modern training, a separate department was created, and a manager was appointed for Training and Development alone. For the last two years, the details of internal and external training programmes conducted at various centers reveal the interest shown by the present management to upgrade the skills of the employees. During 2008-09, the company had arranged more than 20 internal programmes with participation of more than 470 employees. Similarly, the company had engaged the Government departments, statutory bodies, and professional bodies like the Centre for Management Studies in Trivandrum, Centre of Workers Education, Calicut ; and Rehabilitation of Industrial Advisory Board, Trivandrum and other departments to impart specialized training for managerial and non-managerial employees.



## **EMPLOYEE WELFARE MANAGEMENT**

The employees are the lifeblood of any organization. They give all their talent and time, energy and enthusiasm to the organization. Without them, the organization would not be able to achieve its identified and highlighted goals and objectives. While the employees are expected to do much for an organization for the remuneration they receive, the organization also needs to appreciate their honest and committed services. The term "*Employee Welfare*" can be explained as an approach where the necessary good is done for the employees, irrespective of the reciprocal benefits that may be derived by the organization from them. To implement the Welfare measures in the organization, the company had appointed two Welfare Officers in the both wings of the organization. As a responsible and a leading public sector in Kerala, the company implemented all the statutory measures in the organization. The important welfare measures are summarized below:

- 1) A full-fledged canteen at factory and mines are functioning as per the statutory provisions.
- 2) Adequate drinking water facilities are provided in the factory and mines.
- 3) Rest room facilities are also provided in both wings of the factory.
- 4) Family accommodation has been provided to more than 300 employees.
- 5) The Medical centre with ambulance facilities is provided. The medical centre is working round the clock. The company has appointed medical officers to meet the medical requirements of the employees. A lady medical officer has also been appointed to meet the growing needs of the women employees.
- 6) The company has provided free conveyance facilities to the employees in all three shifts.
- 7) The company is providing employment to the dependents of the employees who died while on service.
- 8) To identify the health problems of employees and to diagnose and cure occupational diseases, the company arranges periodic medical checkups once in 5 years.
- 9) The company is reimbursing 1.5 times of basic salary towards the medical expenses of all the employees.

In addition, the management constituted a welfare fund as per the statutory requirement. Apart from the financial assistance for the treatment of specified diseases, retirement benefits, and death benefits are also provided to the employees. The welfare fund is also linked with the group medical insurance scheme with members, and their dependents can avail cash facilities /reimbursement facilities for inpatient treatment. In case of a death benefit, the company also contributes equal to the amount collected from the members. During 2010, the company contributed ₹ 15 lakhs to the welfare fund in addition to periodic expenditure incurred for this purpose. Being a model employer among the Public sector units in Kerala, Malabar Cements Ltd. gives annual compliments and gifts to the employees every year. A 4-grams gold coin is given for high profit; a 8-grams gold coin is given to the retiring employees, and a 10 grams gold coin is given to the employees who complete 25 years of service in the organization. Similarly, gifts are given to the employees in connection with the safety day every year.

## **COMMITMENT TO THE SOCIETY**

Every industrial establishment, especially profit making Public Sector Undertakings have major role in the social uplift of surrounding population and Malabar Cements Limited is fulfilling this purpose in a unique way.

Malabar Cements Ltd. has taken several welfare measures not only for the employees, but the society at large. Every year, the company is providing study material, uniform, foot wear, umbrellas, etc. to the students of the Government School in the Nadupathy Harijan Colony at Walayar. MCL has also implemented a full-fledged drinking water scheme in this Harijan Settlement. MCL has sponsored the expenses connected with the renovation of a Ward in the Kozhikode Medical College. The garden at Chembai Gramam, Kottayi, Palakkad, which is the birthplace of the world renowned Musical Maestro Padmabushan Chembai Vaidhya Natha Bhagavathar was refurbished by MCL for the benefit of the music lovers and general public visiting the place. As part of the commitment to mother Earth, the company implemented an Afforestation Programme in the mines. The company sponsored the expenses of 25 students under the student Police Cadet Scheme of Palakkad.

All the achievements centered around industrial relations, which has been peaceful and cordial all along. It would appear as a record and testimony that no man-days were lost either due to strike or lockout since 1985. Issues concerning the employees are discussed across the table and are settled then and there.

## **CONSTRAINTS AND REMEDIAL ACTIONS**

Inadequate supply of some of the raw materials is a major constraint, leading to production loss to the Company. The main raw material for cement production is Limestone, which is available from the Pandarethu Mines. Other raw materials, namely sweetener limestone, cement grade limestone, laterite, gypsum, slag and fly ash are equally important for cement production. The company is getting sweetener limestone and cement grade limestone from Ariyallur, laterite from Kannur, gypsum from FACT and fly ash from Neyveli/Mettur; transportation of these materials is given on contract. Cement production in 2007-08 was very low as compared to that of the previous year due to inadequate supply of fly ash gypsum. Various alternatives to overcome the situation were worked out. The company could overcome the situation by starting production of slag cement (Malabar Aiswarya) in place of fly ash using slag from steel mills. As a result of this, the Company could improve production performance at Walayar during the financial year 2008-09. At the same time, non-availability of clinker and fly ash badly affected the performance of the CGU.

Cement production during 2009-10 was badly affected due to inadequate availability of raw materials and dumping of Cement in the Kerala market by the competitors. Cement Industry is energy intensive. Cost of power and fuel contributes nearly 40% to the total cost of production. As ash content of indigenous coal is high, and the industry depends mainly on imported coal. In MCL also, more than 50% of the fuel consumption is from imported coal. The cost of imported coal has gone up drastically, causing a heavy burden to the Company. The extra burden due to higher consumption of imported coal and high cost of imported coal was about ₹ 14 crores in the year 2008-09. Moreover, KSEB introduced 25% power cut with effect from July 25, 2008 till April 2009 and charged high rate for consumption above a specified quota. The extra burden on account of the extra charge alone came to about ₹ 6 crores in 2008-09.

## **CONCLUSION**

Malabar Cements Ltd. is having more than 8% market share in Kerala. This has been achieved through a group of 400 dedicated dealers, spread all over the state. In addition to this, institutional sales are achieved directly. Hence, the company's presence is felt in every nook and corner of the state.

The company introduced three premier brands namely, Malabar Super, Malabar Classic, and Malabar Aiswarya to cater to the specific customer requirement including costal demands. In a healthy competitive market environment, the Malabar Cements products stands tall in the cement market through well oiled sales personnel and the company successfully completed its survival for more than 25 years in the competitive market. Malabar Cements Ltd. is always giving more importance to maintain the quality, which is well above the basic mandatory BIS requirements. The actual installed capacity is 4.2 lakhs per annum. But the company is always exceeding its installed capacity and thus, capacity utilization is above the national average. The Company achieved high profitability due to various measures like reducing production cost, and maintaining financial discipline. In addition to that, the company had modernized the plant and effectively implemented Enterprise Resource Planning System in the organization. Being a responsible public sector, Malabar Cements Ltd. introduced a well-established system to conserve energy and achieved cost reduction. In recognition of this achievement, Malabar Cements Ltd. received many awards from Central and State Governments. Malabar Cements Ltd. is remitting crores of rupees to the Central and State Governments towards taxes and various duties. The Government of Kerala had selected Malabar Cements Ltd. for the prestigious Trade Award during 2010 in recognition of it being the highest tax paying company in Kerala.

Malabar Cements Ltd. through its exemplarily industrial relations and welfare management could achieve corporate governance and sustained its first position in all parameters of any industry.

## **REFERENCES**

- 1) Ahuja Shagun, Singh Chiranjeev and Sharma R.K. (2010). 'Training of Personnel In Oriental Insurance Company Limited: A Study Of Regional Offices in Punjab and Haryana.' *Prabandhan : Indian Journal of Management*, Vol.3, Issue 3, pp. 12 - 21.
- 2) Banga Shraddha (2009). 'Factor Analysis With Reference To Training Of Line Staff In Jaipur Dairy, Rajasthan.' *Prabandhan: Indian Journal of Management*, Vol.2, Issue 1 (Jan - Feb), pp. 19 - 23.
- 3) Bharathi. N. (2009). 'Employees Engagement Practices in Spinning Mills - An Empirical Study!' *Prabandhan: Indian Journal of Management*, Vol. 2, Issue 4 (July-August), pp. 17 - 25.

- 4) Bose, Chandra S. and Madasamy V. (2009). 'A Study On The Job Satisfaction Of The Employees Of Fireworks Industries.' *Prabandhan: Indian Journal of Management*, Vol. 2, Issue 4 (July-August), pp. 26 - 35.
- 5) Barman Arup and Seshadri S.B. (2009). 'Meta- Perspective Performance Measurement Scale - Review And Validity Check For Employees Of An Indian Organization.' *Prabandhan: Indian Journal of Management*, Vol.2, Issue 6 (Nov- Dec), pp. 27 - 32.
- 6) Dubey Rameshwar and Singh Tripti (2010). 'Cement Industry Value Delivering Network- A Blueprint For Networking The Flow Of Material, Information And Cash.' *Prabandhan: Indian Journal of Management*, Vol. 3, Issue 3, pp. 22 - 31.
- 7) Malabar Cements Limited, Walayar, Palakkad, Kerala State Corporate Website, [www.malabarcementsltd.com](http://www.malabarcementsltd.com), accessed on March 10, 2011.
- 8) Mohan Sivarethina, R. (2008). 'Determinants of Executive Employees' Stress at Indian Multi Nationals - Using Multivariate Statistics : Factor Analysis Principal Component Analysis.' *Prabandhan: Indian Journal of Management*, Vol.1, Issue 2 (Nov - Dec), pp. 23 - 31.
- 9) Pareek Udai and Rao Venketeswara T. (1992). '*Designing And Managing Human Resource Systems*', Second Edition , Oxford & IBH Publishing Co. Pvt. Ltd, New Delhi. p. 207.
- 10) Rao. V. S. P. (2005). '*Human Resource Management Text and Cases*', Excel Books, New Delhi. p. 418, pp. 452 - 454.
- 11) Rathnam Venkat, B., Suresh A., and Sathish K. (2008). 'Competency Models and Approaches In Management.' *Prabandhan: Indian Journal of Management*, Vol.1, Issue 2 (Nov - Dec), pp. 32- 39.
- 12) Shah Shashank & Sudhir Bhaskar (2010) . 'Employee Welfare Management at Bharath Petroleum Corporation Limited A Case Study.' *The Journal of Institute of Public Enterprise*, Vol.33, Issue 3 - 4, pp. 105- 123.
- 13) Sharma Parul and Gupta Meenakshi (2009). 'Factors Determining Employee Satisfaction A Case Study Of Public Sector Organizations In Jammu Region.' *Prabandhan: Indian Journal of Management*, Vol. 2, Issue 6 (November - December), pp. 33 - 38.