

# FACTS THAT WOULD REFUTE FIR 16/2016/PKD

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- a. This alleged expenditure is on stocking of just 1% of cement produced during 2011-2016 in Kerala State Warehousing Corporation (KSWC) which is a Centre-State PSU. During the five years, the company sold 99 % produced directly through dealers. Stocking of small quantities of Cement in the godowns of KSWC was done to avoid loss in production due to silo full conditions resulting from recession in the market in 2013-14 and early 2014-15. The Public Undertakings Committee had only recommended against engaging KSWC to canvas orders from institutional buyers, incur storage expenses and share margins. The decision to offer dealership to KSWC, especially for retail sales, was a collective management decision involving related department heads. This step was taken when the volume of off take by dealers came down during 2013-14 and early 2014-15. When KSWC sold small quantities from godowns, they were only given a dealers commission. This system was discontinued as the performance of KSWC in sales was not as expected. One train load of cement was stocked in KSWC and later used in the Cherthala Plant as the Finance function in MCL wrongly estimated the Tax component before the purchase decision, that too to evacuate the MCL bag stock in CCI.
- b. The fact is that profit per 50 KG bag of cement increased from Rs10.43 to Rs. 17.95 and then to Rs. 30.39 during the period 2013-14 to 2015-16. **This is after accounting the expenditure on KSWC.** There is no Vigilance angle in hiring the godown of Kerala State Warehousing Corporation which is a Public Sector unit.