

MCL plays victim card, says VACB case a pvt sector ploy

In The Past Four Months The Company Incurred A Loss Of ₹17Cr

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In the last four months after the vigilance arrested K Padmakumar, managing director of state-run Malabar Cements Limited (MCL), a state PSU, the company has incurred a loss of Rs 17 crore. MCL's expansion plans with Cochin Port Trust (CPT) also got scuttled before take-off.

Industry insiders believe this is part of a deep-rooted conspiracy possibly involving agents of private sector.

The company which had an eight to 10 percent market share was poised to capture 24 per cent market share by setting up the Cement Logistics Hub at Cochin Port Trust (CPT). Based on feasibility study, the Rs 160 crore project got the approval from the state in Oct 2014.

MCL managed to acquire 6.93 acres of land at CPT by the first quarter of 2015.

The project take-off was stalled since the electoral code of conduct was in place. The vigilance case has resulted in the expansion project remaining a non-starter.

The MCL management



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is trying to get the project on track, but feels that the vigilance probe proved to be a setback. Industry sources alleged that dealers and vendors in the private sector are setting the agenda for vigilance sleuths to de-stabilise public sector industry, particularly MCL which stood tall as a profit-making PSU.

Already, MCL has lost 2.25 lakh metric tonnes of cement market to private competitors including those who have production units at CPT.

Adding to the PSU woes, the increase in cost of raw materials such as coal prices from Rs 6,300 to Rs

8,600 per ton and laterite costs from Rs 1,800 to Rs 4,200 per ton has affected production. With high input costs and supply lines cut, MCL's future looks bleak as its production and market share is down. MCL's cement production has also come down crossing only 1,000 metric tonnes (MT) per day compared to 3,000 MT per day last year.

The employees and contract workers of MCL numbering around 1,000 are anxious about the company's prospects and a possible cut in incentives this year.

Workers of MCL Labour Cooperative Society

fear that they may not be regularised. Snatching the opportunity, private dealers in Palakkad are demanding a selling price cut of Rs 15 per 50 kg cement bag from MCL.

The increase in input cost and decrease in selling price for MCL will result a loss of over Rs 25 crore per year, which the officials fear would open up more allegations and cases. The vicious cycle is seen by industry experts as a classic example of killing a PSU.

MCL M D Ramachandran Nair told TOI that a detailed project report (DPR) is being prepared for MCL expansion at CPT land. It will be taken forward based on feasibility studies, he said.

On the question of threat to MCL from private sector, he said private competitors will try to destabilise public sector companies, but MCL has its own strategy avert this and stay afloat.

Palakkad district vigilance chief and deputy superintendent of police (DSP) M Sukumaran told TOI that the probe into the case is yet to be completed. "If there is a move by private players to destabilize public sector MCL, the vigilance can inquire into that," he said.