

KERALA

## Logistic hub turns huge liability for MCL

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PALAKKAD, DECEMBER 04, 2017 00:00 IST

UPDATED: DECEMBER 04, 2017 04:54 IST

### **Company has already paid Rs. 58 crore as lease amount to the port trust for the non-existent hub**

The Rs. 160-crore logistic hub visualised by Malabar Cements Limited (MCL) on the premises of Cochin Port Trust (CPT) last year with the tall claim of importing quality building materials, including cement and sand, at affordable rate has turned into a huge financial liability for the public sector company which is showing signs of losses in recent months.

Though the hub is still remaining on paper, the company headquartered at Walayar near here has already paid Rs. 58 crore as lease amount to the port trust. The lease is for 30 years and the company has to pay an additional of Rs. 60 lakh to the port trust every year as per the agreement.

With the State government and the present director board of the company finding the logistic hub project unviable, MCL is now using a portion of its revenue to pay interest of the bank loan worth Rs. 52 crore taken to pay the lease amount.

The legislature committee on public sector enterprises led by C. Divakaran which visited the company last week had come down heavily on the management for initiating such a project without proper home work.

While mooted the project, then company managing director K. Padmakumar claimed that the hub would act as the largest procuring and retailing facility in the country for construction materials. It was expected to handle 10-lakh tonne construction materials a year in the initial phase. According to company sources, a private agency called National Council for Cement and Building Materials had conducted the viability study of the hub and one among the directors of the private company was Mr. Padmakumar. The project was dropped after Mr. Padmakumar was arrested in a corruption case by the Vigilance and Anti-Corruption Bureau (VACB).

The committee has mooted recovery of Rs. 38 crore diverted to different State government agencies. Making cement from MCL mandatory for all government related constructions in the State could help the company tide over the crisis.

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