

1.0 PREAMBLE:

- 1.1 The Department of Public Enterprises, Govt. of Karnataka has been implementing various programmes for improving the performance of State Public Enterprises in Karnataka. One such programme is facilitating performance improvement by engaging Expert Institutions for carrying out an Evaluation Study of the Unit and implementing their recommendations. In this context, a meeting was held on 4.3.2013 under the Chairmanship of Principal Secretary to Government, DPE and in the presence of Chief Evaluation Officer, Karnataka Evaluation Authority, Heads of selected PSEs and Heads of Consulting Institutions taking up the Evaluation study.
- 1.2 Subsequent to the Meeting, G.O. No. DPE 8/ARU/2013 dated 08.03.2013 was issued with the details of Units selected for the Evaluation Study and the corresponding Institution for taking up the Evaluation study. Accordingly, M/s Karnataka Vidyuth Karkhane Ltd., Bangalore was selected and assigned to the National Productivity Council, Bangalore.

2.0 BRIEF BACKGROUND OF THE COMPANY

- The Company was established in 1933 as a Government Electric Factory for manufacturing of Electrical Accessories.
- Converted into a Government PSU in 1976 with Rs. 6 cr as Authorised Share Capital and Paid up capital of Rs.561.92 lakhs. All the shares are with Govt. of Karnataka.
- Installed Capacity of the Plant is 1300 MVA per annum.
- The present annual output is around 20,000 Units of predominantly of 25, 63, 100 KVA Transformers.
- The main customers are ESCOMs in Karnataka and Private Parties.
- The present manpower is 263 employees comprising of 193 permanent employees and the 70 as contract employees in Security and House Keeping.

- The turnover of the Company during the year 2011-12 is Rs.104.48 Cores with Profit of Rs.2.70 Crores.
- The Company has obtained Approval/Certification from Bureau of Energy Efficiency (BEE) for manufacture of Star Rated Transformers.

3.0 ANALYSIS OF BUSINESS

3.1 The Financial performance of the Company for the past 5 years is given below:

Year	Sales (No. of Transformers)	Sales (Rs. in lakhs)	Profit (Rs. in lakhs)
2007-08	9633	7486	470.88
2008-09	10800	7668	538.62
2009-10	13794	7008	59.00
2010-11	14610	7622	152.20
2011-12	19974	10448	270.11

3.2 The Production details of the Company for the past 5 years is given below:

Year	Qty.	MVA	VALUE Rs. In lakhs
2007-08	9681	741	7393
2008-09	10376	671	6135
2009-10	14461	698	6670
2010-11	14122	747	5943
2011-12	20067	1009	9598

3.3 As can be seen from the above, the Company has been steadily increasing its production with a marked increase in 2011-12. The company aims to reach near to its installed capacity with appropriate modifications in its production system.

3.4 The details of supplies made to ESCOMs between 2009-10 to 2011-12 is given below;

Type	Year	Order qty during the year	Delivery requested during the year (including previous years orders)	Supplied during the year	Backlog for the year
Conventional Transformers (Other than Niranthara Jyothi Scheme)	2009-10	11197	14062	14022	332
	2010-11	10367	11430	10378	916
	2011-12	9488	11061	9531	2447
Star Category Transformers	2009-10	NO ORDERS			
	2010-11	156	156	156	0
	2011-12	25834	5070	2953	2117
Niranthara Jyothi Scheme (Conventional Transformers)	2009-10	15849	7809	143	
	2010-11	0	5409	4007	
	2011-12	2486	0	7376	

3.5 M/s KAVIKA is catering to about 70% of the ESCOMs' requirement. Being a State PSU, KAVIKA has an advantage of being considered on priority given their quality and delivery performance in the past.

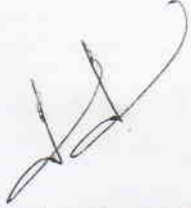
3.6 M/s KAVIKA has adequate space in the present factory complex for increasing their production capacity to cater to the demand of ESCOMs.

4.0 ISSUES FOR EVALUATION

- 4.1 Identification of areas for Automation / Mechanisation for reducing manufacturing Lead Time and Resources.
- 4.2 HR Planning for the next 5 years in view of reduction in Manpower arising out of Retirement. HR Planning will focus on key positions to be kept on Company rolls and jobs which can be out-sourced or executed through alternate means.
- 4.3 Re-engineering of Bills Receivable Process between KAVIKA and ESCOMs and analysis of Revenue stream.
- 4.4 Business Forecast and development strategy for next 5 years.

5.0 METHODOLOGY

- 5.1 Bench-marking with similar manufacturers in Private or Public Sector will be done. The Company for Bench-marking will be selected by M/s KAVIKA and all required details will be obtained through M/s KAVIKA for analysis of Automation, Manpower Strength, Bills Receivable Process etc.
- 5.2 Appropriate Management / Industrial Engineering techniques will be used by the NPC Consultants for HR Planning, Automation, Re-engineering etc.
- 5.3 Detailed methodology and Road Map will be given in the Inception Report.


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