

Towards a Sustainable Development: The UltraTech Synergy

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The Modern Cost Manager extends the perception of cost to every resource that is consumed in the process of value addition. To that extent, Cost Accounting is an enabler device that facilitates the management of resource utilisation and resource conservation while manufacturing a product or delivering a service. The entity gains competitive edge where the dual functions of resource utilisation and resource conservation are carried on to optimality.

UltraTech Cement (Grasim Industries Limited), an Aditya Birla Concern, is a Rs.27,900 crore company with a reported net profit of Rs.2704 crores for the financial year 2012-13. The Company traces Environment Conservation as a catalyst for Sustainable Development. The company, over the last couple of years, carved out the environmental challenges into a synergy of growth with responsibility that leads to sustainable development. In the process the company throws up case based learnings to the modern cost managers in terms of alternative fuels, alternative raw materials, alternative power, alternative routes, water conservation, and so on. The company brought out its 'Sustainability Report 2010' highlighting the theme "Alternatives in Action". In its Approach to Sustainability, the report states "The Company

utilises the Sustainability Report as a tool to display its efforts towards driving a triple bottomline agenda: the Planet, People and Profitability..... All this is done with a focus on alternative solutions, and discovering new avenues to promote its sustainability agenda." That is how Bottomline Profitability is correlated to the Environment and a plan is laid for a cost competitive future well ahead of the other peer players.

In its Annual Report for 2010-11, the Company highlights its thrust on use of alternative fuels to reduce consumption of fossil fuels by substituting these with wastes from other industries. The Company is reported to have saved using coal by recouring to alternative fuels such as processed municipal solid waste, agro waste, tyre chips and used polythene and plastics. In 2009-10, the Company substituted the use of natural resources with 20,000 tons of waste materials as fuel, equivalent to 10,000 tons of coal burning every day. In the year 2010-11, the Company has used 70,305 MT of alternative fuel, of which 43,946 MT is biomass, which has saved nearly 42,000 MT of coal use. In the year 2011-12, the Company has used 70,744 MT of alternative fuel, of which 28,717 MT is biomass, which has saved nearly 42,000 MT of coal use in the year.

On the material front, the Company opted for a conscious decision to reuse waste in their processes across the cement plants. The use of recycled material (waste reused) as part of total material consumption is stated to be the order of 14.61% of 2010-11 and 13.76% for 2011-12 leading to substantial conservation and savings by all means. The Company is reported to have used alternative raw materials from industrial waste of 83,86,382 MT for cement production in the year 2011-12 which has in turn resulted in avoiding usage of natural raw materials.

In relation to energy conservation, the Company has identified the use of the renewable energy sources as an area of focus. The Company has an installed capacity of 400 KW photo voltaic cell based on solar power plants in its various plants as of 2012. The Company is stated to be in the process of adding further capacity in its various plant locations.

The Company recognises the sea route as the most cost effective and environmentally friendly transport for delivering cement and clinker in the coastal and export markets. Company's Units at Kovaya and Jafrabad in Gujarat are among the largest users of shipping in the cement industry. These Units also receive incoming raw material and fuel sources such as gypsum, iron ore, coal and petcoke at its captive berth.

Water is a scarce commodity in the Indian context. The Company is focusing on reducing water consumption in all its cement units. The installation of bag house in the raw mill and air cooled condensers in the thermal power plant are major steps taken. The Company envisages water conservation of about 9

million M³ per annum through air cooled condenser in the thermal power plant. The pits created after mining of limestone have been converted as storage of rain water for use of Company's Units and the nearby community. These water bodies help to maintain the biodiversity of the area. Over 12% of its total water demand is met by recycling of waste water. At all integrated Units the treated water from the sewage treatment plants is used for horticulture gardening, cyclone cooling and dust suppression is common practice. At most of the Units, there is zero water discharge.

It is reported that the Company's approach to technology-selection, inherently evaluates water consumption over the lifetime of the equipment as one of the major criteria for adaptation of any technology.

In the words of Kumar Mangalam Birla, Chairman, the Group's Sustainability Vision is:- "By 2017, the Aditya Birla Group endeavours to become the leading Indian conglomerate for sustainable business practices across its global operations, balancing its economic growth with environmental and societal interests. This vision provides a common guiding principle as well as an operating framework for all our businesses".

On the profit dimension, i.e. economic value added, the Company is stated to have grown 20 times in revenue in the past 17 years; and during the last one decade, the CAGR in EBITDA has been 19%. And there lies the Cost Competitive Edge of the Ultratech!

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