Definitely not a raw deal

Mining for quality

Shree's captive limestone mines specialise in churning out a consistent quality. Mining operations are planned to extract limestone blends of consistent grade at the earliest stage itself so that downstream processing is more effective. Excavation operations are planned to serve objectives of mineral conservation and environment. Other thoughtful steps like wider roads with lower gradients and adequate lighting, and mobile lighting towers at working faces of the mines have made the company's mining operations among the best in the region. Shree mines have consistently won awards for the same. They are also distinguished by a record of no fatality since their start in 1985.

Greater efficiency of mining equipment

Operations of the two Shree mines were merged to avoid underutilisation of capacities of equipment like crushers. The reduced idling time of equipment following this decision led to higher power saving and increased efficiency. Procurement of new equipment allowed the curtailment of shifts from six to two without affecting production. The new equipment also allowed checks on production levels by shift as well as by operator. It also brought down fuel costs. A new wet drilling machine, apart from being fuel-efficient, is also environment-friendly. Maintenance efforts were made more intensive to allow greater equipment availability. Shifting one of the main crushers to Ras mines saved on the cost of transporting the uncrushed limestone to Beawar by dumpers.

Mining support for Shree's tomorrow

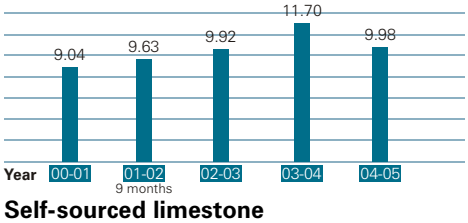
The future will find the mines department ordering more high-tech equipment to enhance productivity to satisfy the requirements of both the Beawar and Bangur cement plants. Seeking new limestone deposits to meet the production goal of 10 MTPA by year 2010 would be the other major challenge.

Shree Looking back; looking ahead

Material gain

Material management is about the methods, arrangements and sources of procuring raw materials of desired quality and cost to meet production plans.

Raw Material Cost as % of Turnover



Self-sourced limestone

Limestone is a critical input in cement manufacture. The quality of cement produced is directly related to it. This is the reason why Shree sets higher than industry standards of limestone purity. Earlier, Shree used to augment or 'sweeten' the limestone quality of its captive mines by sourcing high-grade limestone from the market. This involved high costs of sourcing the desired quality. After mulling over the problem, the company decided to start sourcing limestone from its captive mines at village Ras. Limestone at Ras is of high grade that does away with the need of sweetening and outsourcing. Thus, resulting in lower material cost, greater quality consistency and complete self-sufficiency in meeting limestone requirements.

Dependable pet coke

Pet coke, generated as waste in petroleum refineries, fuels both the company's power and cement plants. Fuel procurement constitutes a significant percentage of turnover. To offset the risk of single-source supply, Shree forged an agreement with IOC's Panipat refinery recently. The new source promises greater supply security, better quality, lower cost and freight advantage.

Low-freight gypsum

The purity of gypsum stipulated at Shree is 72%, while the industry normal is 65%. Win-win deals are struck with transporters to bring this at lower cost than others. Rs. 0.60 per metric tonne per km (PMT/KM) as compared to the industry average of Rs. 0.70 PMT/KM and above. In fact, this freight has prevailed for the last three years despite a considerable increase in diesel prices. Shree's freight advantage translates into saving of more than Rs. 1 crore per year.

Low-cost fly ash

Generated as waste at power stations, fly ash is an important ingredient in blended cements and comes free at source. Shree's procedure of collecting and loading it with the help of used jumbo PP bags was a first in the region. The company has constructed a silo at Suratgarh power station to collect, store and load fly ash directly onto loaders. This procedure saves about Rs. 4 crore per year on loading time and costs of jumbo bag procurement and handling. There are plans to install additional silo systems at Suratgarh and Kota power plants. A long-term agreement inked with another power station for supply of 3000-3500 tonnes per day of fly ash will forestall a possible increase of its price in the future.

Shree Looking back; looking ahead

Cost-effective mill scale

Mill scale is needed for its iron content during the raw mix stage. Shree has been procuring it at a very cost-effective freight of Rs. 0.59 PMT/KM, which is less than half of what even the cement giants in the region are paying. Shree has engaged in tie-ups with mill owners for a dependable supply of mill scale.

Economical packing

Packing cost also forms a significant component of Shree's costs. By switching from a negotiated contract system to monthly tender invitation, the company has been ushering greater economy and transparency into procurement of packing bags.

Computerised operations

Operations related to material procurement have been totally computerised - starting from weighbridge, where the consignment is signed in, to accounting and round-the-clock freight payments. This has brought about greater cost and time efficiencies in operations.

Freight payments round-the-clock added to the convenience of transporters, making business with Shree an attractive proposition. Thus, ensuring their increased availability.

'What Next?'

Our low cost of procurement is a benchmark that many in the industry and outside it strive to reach. The future will be driven by deals that hedge against rising prices and tie-ups that deliver committed supplies. We will work towards providing the long-term supply security of materials to match Shree's plans of capacity enhancement at the most economical cost.

K C Gandhi
Asst. Vice President (Pur. & Coal)