

# Cementing growth

AV Dharmakrishnan has embraced innovative IT solutions to fulfil The Ramco Cements' founding father's vision of a thriving company.

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**W**hen the founder of The Ramco Cements, Shri PAC Ramasamy Raja, lay on his deathbed in a Madras (now Chennai) hospital back in 1962, his thoughts turned to the welfare of his fledgling company. "You should take care of everything from now," he told his son (Shri PR Ramasubrahmaneya Rajha, who was the managing director of the company from 1962 until May 2017) with his last words. "My main concern is for The Ramco Cements."

Raja had initially started the company at the request of Shri Manubhai Shah, then Central Government Minister for Industries, who visited Madras in the hope of encouraging commerce in the region. At this stage, price controls were in place and few businesses were starting up.

The company Raja established in 1961 is today in good hands. As the flagship company of Ramco Group, The Ramco Cements is now one of the seven largest cement manufacturers in India. It began with a single plant which used the wet process and had an operating capacity of 200 tonnes a

day. Since then, the plant has been continually updated and upgraded.

In the 70s, it became the first cement factory in South India to be converted into a dry-process kiln, which brought efficiency gains. Annual capacity at the plant now stands at two million tonnes.

The Ramco Cements is today led by AV Dharmakrishnan (AVD), who brings both tech savvy and finance experience to the role. Under Shri PR Ramasubrahmaneya Rajha's leadership, the company grew in leaps and bounds – from 0.2 million tonnes to 16 million tonnes without raising any share capital. It was only INR30 million in 1960, without much borrowing, and today the debt–equity ratio is 0.34 which is very low for a capital intensive industry. AVD worked at the company for 30 years before being promoted to his current role and has seen similar growth – with the company transitioning from a local concern servicing the states of Tamil Nadu and Kerala to one of India's biggest producers of cement.

AVD qualified as a chartered accountant and began his career with The Ramco Cements (then known as Madras Cements) in 1982. He also served »



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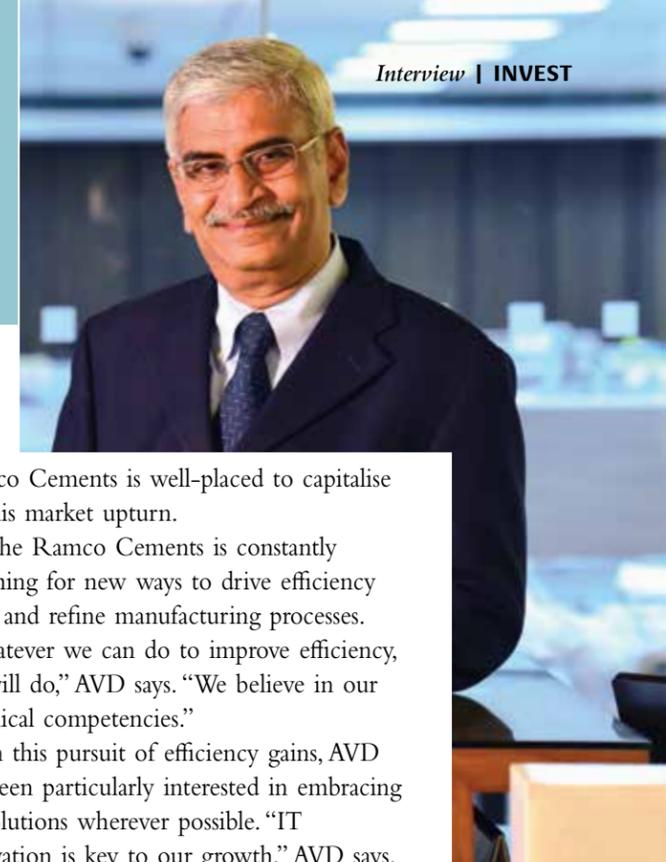
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**WE DISCOVER POTENTIAL**

“Whatever we can do to improve efficiency, we will do.”



as a non-executive director at textile manufacturer Rajapalayam Mills and enterprise software company Ramco Systems, both Ramco Group companies. Over the course of his career at The Ramco Cements, AVD has been involved in all aspects of its operation, including selecting plant and equipment, recruiting key staff, running projects and solidifying processes. He has overseen impressive growth. When he joined the company, it had a capacity of around 500,000 tonnes a year. After the current capacity expansion is completed, this number will rise beyond 20 million tonnes annually.

The company now offers an extensive product range. In addition to its core cements, it produces concrete, a rapid-hardening cement, mobile technical services, and a specially engineered block mortar. The company also diversified into wind farms in 1993 with a 4MW installation, and now has more than 200 wind energy units across South India, collectively capable of producing 165MW.

AVD has been in a leadership role since 2000 and served as executive director of finance before moving into his current role as CEO in 2012. Before the promotion, AVD says he had valuable exposure to the highest levels of management, which made for an easier transition. “Our core team works together closely, so we understand each other well,” he explains. “I pride myself on understanding the strengths and weaknesses of each individual. They in turn understand my strengths and weaknesses, so we complement each other well.”

AVD’s finance skills have also been useful in a market not conducive to growth. He has led deleveraging and tightened cost management in this environment, and the company has led its competitors in profitability. With this disciplined approach paying off, AVD is now expecting a resurgence in demand and believes The

Ramco Cements is well-placed to capitalise on this market upturn.

The Ramco Cements is constantly searching for new ways to drive efficiency gains and refine manufacturing processes. “Whatever we can do to improve efficiency, we will do,” AVD says. “We believe in our technical competencies.”

In this pursuit of efficiency gains, AVD has been particularly interested in embracing IT solutions wherever possible. “IT innovation is key to our growth,” AVD says. The company implemented computerised invoicing and accounting systems when many of its old-economy peers were still relying on manual systems. Today, The Ramco Cements provides its salespeople with devices that allow them to access real-time information on stock levels and dealer performance. This builds on an information system developed with Ramco Systems, a software product company promoted by Shri PR Venketrama Raja, who is now the Chairman and Managing Director of The Ramco Cements, to collect and analyse detailed information on the company’s sales, as well as those of its competitors.

It uses Google Maps to visualise its rich supply of sales data, and has used IT to make the shipping process quicker and more cost-efficient, reducing losses and damages that occur during the wagon clearance process by up to 70 per cent. It also helps with more big-picture planning, allowing management to identify and analyse underperforming markets.

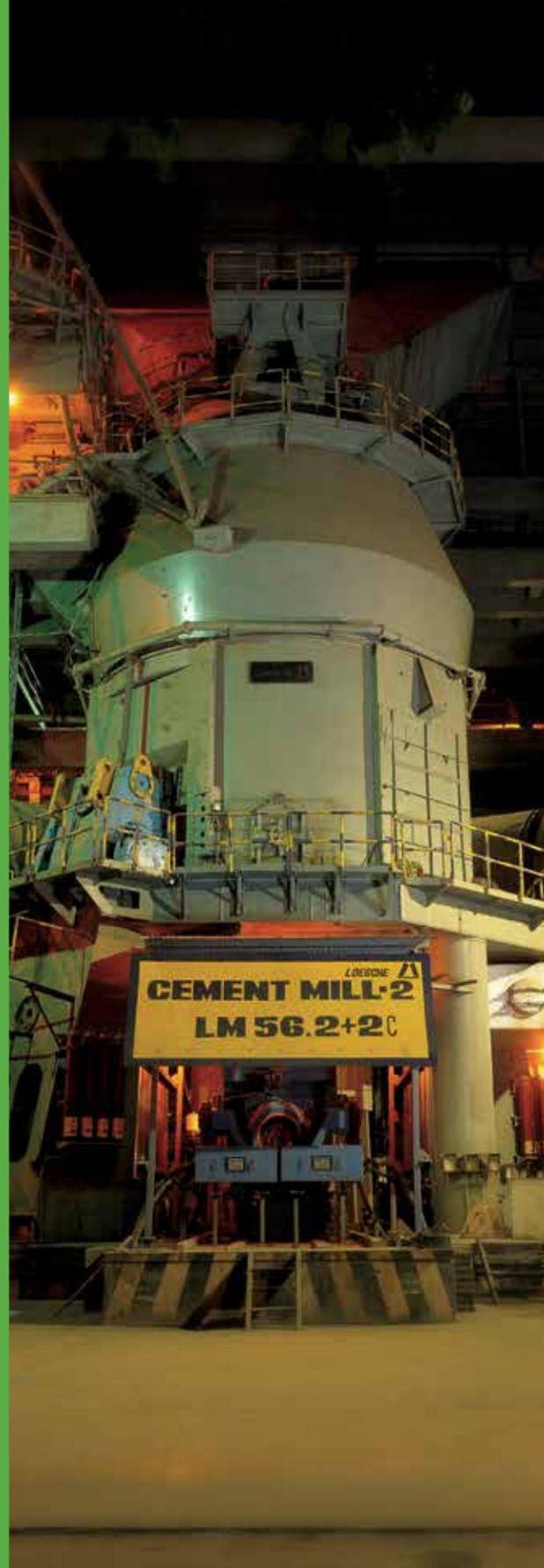
Another IT-based innovation is an alert system that notifies response teams if there is any variation from the standard deviation of up to 0.6 per cent from the set parameters. If they are unable to fix the problem, the system then alerts senior management. »

# EVOLVE THE FUTURE

**LOESCHE** vertical roller mills, in comparison with other systems, have been widely accepted as the preferred grinding technology by various process industries worldwide, such as cement and coal-based power industries. This preference is due to specific attributes like low energy consumption and optimal operating cost, consistency in product quality with the availability of fast-track technical support, vis-a-vis the competition.

Loesche and Ramco have enjoyed an excellent relationship for more than two decades now. Loesche's relationship with Ramco Cements started way back in 1995 when the Indian subsidiary was established and Ramco's Chairman, Late Shri P.R. Ramasubrahmaneya Rajha, ordered Loesche mills for their Alathiyur plant. The Ramco-Loesche partnership grew steadily and with new Chairman, Shri P.R. Venketrama Raja, recently ordering more cement mills from Loesche India, the legacy of innovative thinking continues.

Loesche-supplied VRMs are simple, with a compact design, and are flexible for grinding different feed materials for the cement industry with a high availability and efficiency. Loesche is driven by the commitment to continuously innovate, improve and maintain processes, in order to provide its customers with benefits critical to their operations and profitability. Loesche tries to see things through the eyes of its customers and works with them to deliver the product quality that they desire and deserve.



Even apart from its use of IT, The Ramco Cements has been a pioneer in its field, AVD explains. It was the first company in South East Asia with a vertical roller for cement grinding. The company's Alathiyur plant is considered the most modern in India and was the first in the country to employ SF™ Cross-Bar® coolers.

Despite its growing use of technology, however, some traditional challenges remain.

“The biggest challenge is definitely selection of a good site. Our philosophy is that every factory of ours should have all the facilities: it should be on land with good mineral content and near transport like ports, highways and railways.”

This approach has led to long-term working partnerships with stakeholders, AVD explains. “When we have good relationships with contractors and suppliers, we'll deal with them forever. That is one of our basic values, to ensure all our stakeholders have been taken care of.” The company's key stakeholders include its delivery network. “Cement is a low-value, high-volume industry, and in this context distribution becomes extremely important.” Same-day delivery is expected in the industry, and cement producers must be highly organised to avoid inefficiencies in this area.

The company has also forged strong ties with its suppliers. AVD says respect is the key to maintaining these relationships. The philosophy of former chairman Shri PR Ramasubrahmaneya Rajha is: “Don't take your suppliers for granted and don't milk them. If you treat them as equal partners, give them whatever

“Don't take your suppliers for granted and don't milk them. If you treat them as equal partners ... they will help you.”

*“Loesche's relationship with The Ramco Cements started in 1995. The Ramco Cements' leadership is innovative and visionary. Loesche and The Ramco Cements have enjoyed an excellent partnership for more than two decades to optimise plants and achieve higher productivity with low energy consumption.” – Loesche India*

they are due, they will help you. This has been the approach I have adhered to, and I have never been in need with this company.” AVD recalls many times when his former managing director would review with him the amount payable by the company to its vendors and service providers, rather than the amount receivable from its customers. That was the amount of care and respect that Shri PR Ramasubrahmaneya Rajha had for his vendors.

This cooperative atmosphere has helped maintain company-wide excellence, and The Ramco Cements' high standards have won acclaim across the industry and beyond. It has collected awards for energy conservation and efficiency, mine performance, safety, industrial relations, and corporate performance. It is also the only Indian cement company to receive the Four Leaves Award from the Centre for Science & Environment's Green Rating Project for its efforts to ensure dust-free and clean factory premises.

Founding father Shri PAC Ramasamy Raja may struggle to recognise the large-scale, tech-friendly business of today as the small cement producer he started, but his dream of a thriving company has been well and truly realised. ■



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