

Roll No.

OPEN BOOK EXAMINATION

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 11

NOTE : Answer **ALL** Questions.

1. Analyze the case study and answer the questions given at the end :

A US \$48.3 billion corporation, the Aditya Birla Group or ABG is in the League of Fortune 500. Anchored by an extraordinary force of over 120,000 employees belonging to 42 nationalities, the Group is built on a strong foundation of stakeholder value creation. With over seven decades of responsible business practices, our businesses have grown into global powerhouses in a wide range of sectors - metals, pulp and fiber, chemicals, textiles, carbon black, telecom and cement. Today, over 50% of Group revenues flow from overseas operations that span 36 countries in North and South America, Africa and Asia. In 2014 they celebrated a decade of their values. All their businesses and all their people have adopted these Values with understanding and enthusiasm. All of them have made a consistent effort to make the values, the heartbeat of the Group's existence. In doing so, not only have the values flourished but also their people and businesses. The "Power of 5" is their unique way of saluting, celebrating and cheering the inspirational act of integrity, commitment, passion, seamlessness and speed over the last decade.

OPERATIONS (India) :

- (a) **Aditya Birla Capital Limited** (ABCL) is the holding company of all the financial services businesses of the Aditya Birla Group. Through its subsidiaries and joint ventures, it manages aggregate assets worth more than ₹ 3000 billion as of December 31, 2019. ABCL is among the top five private diversified NBFCs in India. It is also one of the largest private life insurance companies, asset management companies and general insurance brokers in the country.

- (b) **Grasim Industries Limited** is the flagship company of the Aditya Birla Group. It started as a textiles manufacturer in India in 1947. Today, it is a leading global player in Viscose Staple Fiber or VSF and the largest chemicals (Chlor-Alkali-s) player in India. It is also the largest cement producer and Diversified Financial Services (NBFC, Asset Management and Life Insurance) player in India through its subsidiaries UltraTech Cement and Aditya Birla Capital.
- (c) **UltraTech Cement Limited** is the largest manufacturer of cement in India and ranks among the world's leading cement makers. UltraTech has a strong presence in international markets such as Bangladesh, UAE, Sri Lanka and Bahrain. UltraTech has a dealer and retailer network of over 80,000 partners across the country, with a market reach of more than 80% Indian cities and towns. UltraTech is India's largest manufacturer of grey cement, white cement and ready mix concrete (RMC). In the white cement segment, UltraTech goes to market under the brand name of Birla White. *UltraTech Building Products* business is an innovation hub that offers an array of scientifically engineered products to cater to new-age constructions. Aerated autoclaved concrete (AAC) blocks are economical, light-weight blocks ideal for high-rise buildings, while dry mix products include waterproofing, grouting and plastering solutions designed for faster completion of projects. The *retail* format of UltraTech Building Solutions offers a wide range of construction products to the end customers under one roof. UltraTech has over 1600 Building Solutions stores across India which are one-stop shops for all primary construction needs of our individual home builders.
- (d) **Hindalco Industries Limited** is the metals flagship company of Aditya Birla Group. It is the world's largest aluminium rolling company and is also a leading producer of copper. Along with its global subsidiary Novelis Inc., Hindalco has a presence in 12 countries. The company operates across the value chain – from bauxite mining to alumina refining, aluminium smelting, rolling and extrusions. It services key industry sectors such as building & construction, automotives, packaging, electrical, consumer durables, refractories, and ceramics.

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- (e) **Aditya Birla Insulators**, the largest Indian manufacturer of high voltage porcelain insulators (fourth largest in electrical insulators worldwide), is a part of Grasim Industries Ltd. World class technology and cost competitiveness produce high quality insulators at state-of-the-art manufacturing facilities. Aditya Birla Insulators is the preferred partner of a global clientele that includes leading power utilities and national and international power equipment manufacturers. Its products are exported to over 58 countries worldwide, with focused markets in Europe, America, Middle East, Africa and China.
- (f) **Aditya Birla Science and Technology Company Private Limited (ABSTCPL)** is the global corporate research and development hub for Aditya Birla Group's businesses. The company generates extensive intellectual property for the Group with 15 successful patent applications and several in various stages of processing worldwide. The company also offers contract research, analytical services, engineering, and scale-up facilities for entities outside the Group. It has the only cellulosic fiber R&D centre in the country. ABSTCPL's core service offerings include sustainability research like energy conservation studies, fresh water conservation and waste water treatment, along with others.
- (g) **Birla Carbon** is a world leader in the manufacturing and supply of carbon black additives. The company provides products across ASTM (American Standards Association) grades and specialty blacks. It caters to leading brands and companies across the tyre, rubber, plastic, ink and paint industries globally. Birla Carbon's footprint extends across 12 countries on five continents with 16 manufacturing facilities for a combined annual production capacity of over 2 million tonnes.
- (h) **Dahej Harbour and Infrastructure Limited (DHIL)** is Birla Copper's copper smelter, located at Dahej in the Bharuch district of Gujarat, India. It is one of the largest single-location copper smelters in the world with integrated port facilities. Birla copper is a unit of Hindalco Industries Limited, the metals flagship company of Aditya Birla Group. The copper unit at Dahej comprises copper smelters backed by a captive

power plant, oxygen plants, by-products plants, utilities and a captive jetty. There is also a precious metals recovery plant at Dahej, which produces gold, silver, selenium and platinum. It is India's largest private producer of *gold*.

- (i) **Essel Mining & Industries Limited** (EMIL), established in 1950, is one of India's largest iron ore mining companies and producer of noble ferro alloys. Located in the mineral-rich Barbil-Barajamda belt of Odisha, the company's calibrated iron ore lump and iron ore fines are the best quality available in the country. As part of its commitment to the environment, EMIL has forayed into renewable energy. It has set up a wind power project in Dhule, Maharashtra with an installed capacity of 75MW. The power generated from the windmills is supplied to the Maharashtra State Electricity Distribution Company Limited.
- (j) **Hindalco-Almex Aerospace Limited** (HAAL) is a first-of-its-kind facility in India that manufactures high-strength aluminium alloys for applications in the aerospace, sporting goods and surface transport industries.
- (k) **Vodafone Idea Limited** is an Aditya Birla Group and Vodafone Group partnership. It is the leading telecom service provider in India and second largest globally. The company offers superior voice and broadband connectivity across India, covering 92 per cent of the population and reaching nearly 500,000 towns and villages. Over 19% of Idea-owned telecom towers were operated by hybrid power, reducing carbon dioxide emissions by 52,000 tons per annum.
- (l) **Tanfac Industries Limited** manufactures organic and inorganic fluorine-based chemicals and is a joint venture company promoted by the Aditya Birla Group and the Tamil Nadu Industrial Development Corporation (TIDCO). Incorporated in 1972, the company has grown to become one of India's largest suppliers of fluorine chemicals. The company has strategic tie-ups with Tanfac Davy Process (formerly BUSS AG), Switzerland, and CHENCO, Germany for know-how and equipment expertise, and with Grasim Industries Limited for design and erection.

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- (m) **Utkal Alumina International Limited**, a 100 percent *subsidiary* of Aditya Birla Group company Hindalco, is engaged in alumina refining. The Utkal Alumina Refinery project in the Rayagada district of Odisha comprises of an Alumina Refinery, bauxite mines (Baphlimali) with reserves lasting for over 25 years, and a captive co-generation power plant of 90 MW. Utkal Alumina is a world-class refinery with state-of-the-art technology – from the world’s acclaimed technology supplier, Rio-Tinto-Alcan. With the best quality bauxite as its input, and tightly integrated logistics between mines and the refinery, the operating cost per tonne of alumina is among the *lowest* in the world.

OPERATIONS (Global) :

- (a) **Aditya Birla Chemicals (Thailand) Limited** (ABCTL) is a part of the Aditya Birla Group’s chemicals business. It has five manufacturing sites in Thailand. ABCTL is a pioneer manufacturer of epoxy resins in the entire ASEAN region. Its phosphates division offers enriched solutions for a variety of food segments such as cheese, seafood, meat and bakery.
- (b) **Aditya Birla Grasun Chemicals (Fangchenggang) Limited** is a joint venture between ABCTL and Fangchenggang Grasun Company Limited. The entity came into being in 2007 to provide food grade phosphoric acid to the phosphates division in Thailand.
- (c) **AV Group NB** is a part of the pulp and fiber business of Aditya Birla Group. Located in New Brunswick, Canada, the mills produce high content dissolving pulp or specialty cellulose for the manufacturing of natural-based, VSF, used to make rayon in the apparel and home textile industry. Most of the pulp produced by AV Group is supplied to Aditya Birla Group’s viscose plants in India, Indonesia and Thailand.
- (d) **Birla Jingwei Fibres Company Limited** (BJFCL) is Aditya Birla Group’s VSF manufacturing company located in the Hubei Province of central China. It was established in 2006 as a joint venture company between the Aditya Birla Group and the Fujian Jingwei Group. In 2008, Aditya Birla Group acquired 100% ownership of the company.

- (e) **Domsjö Fabriker** (Domsjö) is the Aditya Birla Group's Sweden based speciality pulp and bio-refinery company. Domsjö's products are mostly sold outside Sweden, and the largest markets are in Asia.
- (f) **Indo Phil Group of Companies** is the first Indian-Filipino textile joint venture. It is the largest textile mill in the Philippines. It consists of three companies : Indo Phil Textile Mills Inc, Indo Phil Acrylic Manufacturing Corp, and Indo Phil Cotton Mills Inc. Almost 30% of its products are directly exported to customers in the US, Canada Mexico, Turkey, Europe, South America, Korea, Taiwan, Russia, Kenya, Malaysia and other global locations.
- (g) **Indo Thai Synthetics Company Limited** is Thailand's leading synthetic yarn manufacturer and exporter, commanding 50% share of the total synthetic spun yarn exported from Thailand. The company was the first overseas venture of the Aditya Birla Group, operating in Thailand since 1970. Over 75% of Indo Thai Synthetic's products are exported to customers across 25 countries including the US, Brazil, Turkey, Greece, Belgium, Israel, Italy, Spain, Portugal, Germany, Korea, Bangladesh and Taiwan. Its final knit apparels are supplied to well-known labels such as Banana Republic, H&M, JC Penny, Sears, M&S, Lindex, Kapphal and Wal-Mart.
- (h) **Novelis Inc.** is the leading producer of flat-rolled aluminum products and the world's largest recycler of aluminum. It has an integrated network of rolling and recycling facilities across North America, South America, Europe and Asia. Novelis supplies premium aluminium sheet and foil products to transportation, packaging, construction, industrial and consumer electronics markets. Its customer base includes iconic brands like Coca-Cola, AB Inbev, Ford Motor Company, Jaguar Land Rover and Samsung. Sustainability is core to Novelis' business. Novelis recycles more than 70 billion used beverage cans each year, turning them back into new beverage cans in roughly 60 days.

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- (i) **Pan Century Surfactants Inc.** is Aditya Birla Group's integrated fatty alcohol manufacturing facility in Philippines. The company supplies fatty alcohol to leading multinationals that find application in detergents, cosmetics, pharmaceuticals and chemical industries.
- (j) **PT. Elegant Textile Industry (Indonesia)** is the world's largest producer of rayon spun yarn, contributing 10% of the global rayon spun yarn trade. PT. Elegant is the largest exporter of rayon and rayon-polyester spun yarn with a market share of 30% from Indonesia. About 80% of its products are exported to customers in the US, Turkey, Korea, Japan, Italy, Greece, Spain, Brazil, Argentina and other locations in Europe and the Asia Pacific region. Nearly half of PT. Elegant's production caters to niche segments, such as high-quality fabrics for medical applications, car seat covers, upholstery and fancy yarn production among other uses.
- (k) **PT. Indo Bharat Rayon (Indonesia)** pioneered the production of VSF in Indonesia. Situated at Purwakarta in West Jawa, it is the world's second largest manufacturer of VSF at a single location. The company also produces chemicals like anhydrous sodium sulphate and sulphuric acid, used in the detergent, glass, textile dyeing, and pulp and paper industries. Apart from the domestic market, PT. Indo Bharat Rayon also caters to customers in the US, Europe, Turkey, Japan, Korea, China, Morocco, Philippines, Malaysia and other global locations.
- (l) **PT. Indo Liberty Textiles (Indonesia)** manufactures synthetic spun yarn in 100% rayon, 100% polyester, polyester-viscose and open end (OE) rayon yarn. The company exports more than 80% of its production to customers across 24 countries including Korea, Japan, Belgium, Spain, Turkey, Brazil, the US, China and Italy. PT. Indo Liberty Textiles has won many prestigious business excellence awards and is accredited for integrated management systems related to quality, environment, and health and safety.
- (m) **PT. Indo Raya Kimia (Indonesia)** is a leading producer of carbon di-sulphide in Asia Pacific. Acquired by the Aditya Birla Group in January 2003, the plant caters to domestic demand and also exports to countries across the globe including South Korea, Australia, Japan, Thailand, India, Malaysia and South Africa.

- (n) **PT. Sunrise Bumi Textiles (Indonesia)** is a leading quality yarn manufacturer. About 35 per cent of the company's products are value-added such as siro spun yarn, lycra core spun yarn, slub yarn, rayon / cotton blended yarn, sewing thread, bamboo 100 per cent, bamboo / cotton, modal / cotton yarn, etc. Sunrise caters to the highly-quality conscious market with exports of about 67 per cent spread across 30 countries in six continents.
- (o) **Swiss Singapore Overseas Enterprises Pte Ltd.** (SSOE), an Aditya Birla Group Company, is a leading bulk commodity trading solutions provider and logistics partner to clients around the world. Incorporated in Singapore in 1978, SSOE serves over 1000 clients across the globe. It offers sourcing and marketing of physical commodities like coal, petroleum products, sulphur, iron & steel, fertilizer, agro products and tea. Along with a dedicated shipping desk, SSOE is equipped with on-ground logistics facilities such as warehousing, tankages and port stock up.
- (p) **Terrace Bay Pulp Mill** is part of Grasim Industries Ltd, an Aditya Birla Group company, and is a northern bleached softwood kraft pulp mill. The Terrace Bay Mill is the third Canadian mill to join the Aditya Birla Group's pulp and fiber business (Grasim Industries Ltd.) in July 2012.
- (q) **Thai Acrylic Fibre Co. Ltd** (TAF), an Aditya Birla Group company, is among the world's top 5 quality acrylic fibre producers. Marketed under the brand name Birlacril™, the product range comprises a variety of acrylic fibres used for making sweaters, blankets, carpets, upholstery, soft toys and awnings, etc.
- (r) **Thai Peroxide Company Limited** (TPL), a joint venture company between the Aditya Birla Group and FMC Corporation (US), is a pioneer in the manufacture of hydrogen peroxide in Thailand. The company began operations in 1989 and it is one of the best-benchmarked companies amongst FMC plants. TPL also manufactures value-added speciality products like Peracetic Acid for serving the disinfection market. Thai Peroxide exports its technologically advanced and environment-friendly products to many Asian countries including Malaysia, Vietnam, Indonesia, Pakistan, Philippines and Singapore.

- (s) **Thai Rayon**, promoted by Grasim Industries Limited, India, an Aditya Birla Group company, and local Thai entrepreneurs, is the pioneer as well as sole manufacturer of Viscose Staple Fibre (VSF) in Thailand. The company was incorporated in 1974. Almost two-third of Thai Rayon's VSF production is directly exported to more than 20 countries worldwide. The company's products under the umbrella brand of *Birla Cellulose*, meet the stringent quality requirements of customers spanning six continents from the Middle East to Europe and from USA to Asia Pacific. Thai Rayon produces a wide range of fibres that have multiple functional benefits such as soft feel, high moisture absorbency, bio degradability, comfort and fashion. These fibres have various applications in apparel, home textiles, dress material, knitwear, wipes, personal hygiene, and medical usage. Thai Rayon has diversified into a new generation fibre - *Birla Modal*, which is widely used in high-end textile fashion products. Thai Rayon also produces anhydrous sodium sulphate as its by-product, mostly used in detergent, pulp, glass, leather and textile industries.

SUSTAINABILITY AT ABG

“The Aditya Birla Group endeavours to become the leading Indian conglomerate for sustainable business practices across its global operations”

This is the Aditya Birla Group (ABG) Sustainability Vision set by Mr K M Birla in the year 2012. The priority is to follow the three steps of the ABG Sustainability model to help them adjust their performance to meet the ever tightening demands of a sustainable planet and society.

The first step “Responsible Stewardship” focusses on how they manage today and their goal is to building a framework of policies, technical and management standards aligned to international standards. The second step defined by the model is to understand the external changes that inevitably impact their companies and this step of the model is called “Strategic Stakeholder Engagement”. The goal is to build strong relationships with ABG stakeholders and key technical experts on climate change, water and waste management, developments in human rights legislation, safety standards, health impacts and the like. The third step they have undertaken is, “Future Proofing”, here they embed sustainability trends into strategic business plans to curtail the risks and find new opportunities that will be presented by the requirements of a sustainable planet and society by 2030 and 2050 and make ABG businesses sustainable.

Questions :

- (a) Can the ABG be called as a multinational conglomerate ? Comment. Identify the industrial sectors into which they enlist.
(10 marks)
- (b) How are they able to leverage out the benefits due to their existence outside the Indian soil ?
(10 marks)
- (c) Bring out the future perspective of the Aditya Birla Group in a strategic framework.
(10 marks)
- (d) What are their sustainability initiatives across the different Industry verticals ?
(10 marks)
- (e) Thailand is a member of ASEAN how Aditya Birla Group operation in Thailand will be benefitted from ASEAN ?
(10 marks)
2. (a) The concept of 'New India' has brought many opportunities and hence, challenges for our Industries. Comment through a TOWS framework.
(5 marks)
- (b) Political stability is the key to economic development. Comment with focus on the Indian Business Environment and the impact visible.
(5 marks)
- (c) Supply chain and Logistics have thrown entrepreneurial opportunities in our country. Comment focusing on scope with instances and examples.
(5 marks)
- (d) Why is Porter's five force analysis also known as 'Collaborative Competitive Model' or 'Extended Rivalry Model' ? Explain.
(5 marks)

- (e) What is the 'WTO take' on Anti-Dumping Duty ? What are the two parameters to assess dumping ?
(5 marks)
- (f) How has India benefitted from IMF and why India knocked the door of IMF ?
(5 marks)
3. Globalisation is no more a new phenomenon. Its momentum has lost pace in the recent years worldwide. On the contrary, regionalism or region-economic centrism is gaining strength as newer entities like BRICS are consolidating. Do you agree ? Why or why not ? Explain in detail considering the strategic perspective of Globalisation.
(5 marks)
4. Joint Ventures have been the most visible entity in collaborative businesses in India. In what way they are advantageous in a typical business set-up ? How can it turn disadvantageous ?
(5 marks)
5. Why Government of India introduce export financing and elaborate the *two* types of export financing available in India ?
(5 marks)
6. Many foreign companies were entered into the Indian market after liberalization of Indian market but many big MNCs were unsuccessful in their venture. Give reason why the foreign companies should think about creating strategic alliances with Indian companies.
(5 marks)