Executive summary

2. DOMINATED BY PRIVATE PLAYERS

- Of the total capacity, 98% lies with private sector and the rest with public sector.
- The top 20 companies account for around 70% of the total production.

1. SECOND-LARGEST CEMENT MARKET

- India is the world’s second-largest cement producer.
- India’s overall cement production capacity was nearly 545 million tonnes (MT) in FY20 and accounted for over 8% of the global installed capacity in FY20.
- India’s cement production in increased by 7.8% February 2021 compared with February 2020.

3. HIGHER SHARES OF LARGE PLANTS

- 210 large cement plants account for a cumulative installed capacity of over 410 MT, while over 350 mini cement plants have an estimated production capacity of nearly 11.10 MT.

4. LARGE CONCENTRATION IN SOUTH AND WEST

- Of the total 210 large cement plants in India, 77 are situated in the states of Andhra Pradesh, Rajasthan & Tamil Nadu.

Source: Cement Manufacturers Association, Ministry of External Affairs, DPIIT, Heidelberg Cement Investors Presentation November 2018
Advantage India
Advantage India

1. Robust demand
- Initiative to build 100 smart cities and boost to affordable housing projects to give a further stimulus.
- Government schemes such as MGNREGA, PM Garib Kalyan Rozgar Abhiyan and state-level schemes such as Matir Srisht (West Bengal) and public work schemes (Jharkhand) have aided demand.

2. Attractive opportunities
- Government announcements in November–December 2020 regarding key infrastructure projects such as National Highway projects in Nagaland (worth US$ 560.88 million), Rajasthan (worth US$ 1.14 billion), Karnataka (worth US$ 1.49 billion) and Telangana (worth US$ 1.80 billion).
- ‘Delhi-Ghaziabad-Meerut Regional Rapid Transit System Project’ worth US$ 500 million are expected to boost the demand for cement.
- Opportunities available in areas such as housing, dedicated freight corridors, ports and other infrastructure projects.

3. Increasing investments
- Robust investments are being made by existing players to expand their capacity.
- FDI inflows in the industry related to manufacturing of cement and gypsum products reached US$ 5.28 billion between April and December 2020.
- National Infrastructure Pipeline (NIP) introduced projects worth Rs. 102 lakh crore (US$ 14.59 billion) for the next five years.

4. Long-term potential
- Oligopoly market, where large players have partial pricing control.
- Low threat from substitutes.
- Indian cement companies are among the world’s greenest cement manufacturers.
- With high allocation under the Union Budget 2021-22 for infrastructure, affordable housing schemes and road projects to fuel the economy, the domestic cement industry is poised for a volume surge.

Source: Budget 2019-20, News Articles, DPIIT, *Ultratech investors presentation May 2018
Market Overview and Trends
As of 2020, India is the world’s second-largest cement market, both in production and consumption.

India’s cement market accounts for >7% of the global installed capacity.

It is supported by high level of activity going on in real estate and high Government spending on smart cities and urban infrastructure.

In the third quarter of FY21, Indian cement companies reported a healthy growth in earnings and demand for the industry increased on the back of resuming construction activities post COVID-19 lockdown imposed by the government.

Growth in Infrastructure and real estate sector, post-COVID-19 pandemic, is likely to augment the demand for cement in 2021. The industry is likely to add an ~8 MTPA capacity in cement production.

Source: Cement Manufacturers Association, USGS Mineral Commodities Summary 2020, Crisil, News Articles
India’s cement production is expected increased at a CAGR of 5.65% between FY16-22, driven by demands in roads, urban infrastructure and commercial real estate. The consumption of cement in India is expected grow to at a CAGR of 5.68% from FY16 to FY22.

Cement production reached 329 MT in FY20 and is expected to reach 381 MT in FY22.

Sale of cement in India stood at Rs. 63,771 crore (US$ 9.05 billion) in FY20.

The country’s cement industry is among the world’s most energy-efficient industries, in terms of specific energy consumption.

Note: ^CAGR is up to FY21, E-Estimate
Source: HDFC Securities
India's export of cement, clinker and asbestos increased at a CAGR of 1.68% between FY16-FY20. In FY20, it reached US$ 1.98 billion.

India exported cement to countries such as Sri Lanka, Nepal, the US, the UAE and Bangladesh.

**Note:** Including Cement, Clinker and Asbestos Cement, ^CAGR is up to FY20.

**Source:** DGCIS
Installed capacity & key markets in each of the geographic regions

- **South** (Tamil Nadu, Andhra Pradesh, Karnataka) 160.71 MTPA
- **East** (West Bengal, Chhattisgarh, Odisha, Jharkhand) 92.53 MTPA
- **North** (Rajasthan, Punjab, Haryana) 107.14 MTPA
- **Central** (Uttar Pradesh, Madhya Pradesh) 63.31 MTPA
- **West** (Gujarat, Maharashtra) 63.31 MTPA

**Notes:** mtpa - Million Tonnes Per Annum, E - Estimates

**Source:** Indian Minerals Yearbook by Indian Bureau of Mines; UltraTech Cement
Strategies Adopted
**Recent strategies**

1. **Increasing presence of cement players**
   - Presence of small & mid-size cement players across regions is increasing, which helps diminish market concentration of industry leaders.
   - A large number of foreign players have also entered the market owing to the profit margins, constant demand and right valuation.

2. **Product launch**
   - In January 2021, Nuvoco Vistas Corp. Ltd. launched ‘Duraguard Silver’, a premium composite cement, as part of its extensive Duraguard range of products in Bihar.

3. **Housing for All**
   - In Union Budget 2021-22, the Government of India extended benefits, under Section 80-IBA of the Income Tax Act, until March 31, 2021, to promote affordable rental housing in India.
   - Housing and real estate sectors account for nearly 65% of the total cement consumption in India.

4. **Adoption of cement instead of bitumen and ready-mix concrete**
   - The Government of India has decided to adopt cement instead of bitumen for the construction of all new road projects on the grounds that cement is more durable & cheaper to maintain than bitumen in the long run.
   - Companies are trying to develop a niche market for RMC.

5. **Strategic partnerships**
   - Procurement of raw materials such as fly ash: Companies such as the National Thermal Power Corporation Limited (NTPC Ltd.) are collaborating with cement manufacturers (such as Ultratech Cement, Rajshree Cement, Dalmia Cement and ACC plants) across the country to supply fly ash. This also helps achieve 100% utilisation of the by-product (fly ash) produced during power generation.

**Source:** Union Budget 2019-20, Emkay Global Financial Services, News Articles
## Successful use of alternate fuels in cement production

<table>
<thead>
<tr>
<th>Company/Plant</th>
<th>Strategy</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madras Cement's Alathiyur plant</td>
<td>Use bioenergy through burning of coffee husk &amp; cashew nut shells</td>
<td>Annual cost savings of US$ 1.7 million</td>
</tr>
<tr>
<td>Dalmia Cement</td>
<td>Adoption of plant matter and refuse-derived fuel (RDF) for 100% of its fuel needs 0.5M/yr carbon capture and storage facility in 2022</td>
<td>Transition to renewable power by 2030 and carbon negative by 2040</td>
</tr>
<tr>
<td>India Cements Ltd's Dalavoi plant</td>
<td>Use Low Sulphur Heavy Stock (LSHS) sludge as alternate fuel</td>
<td>Annual savings of US$ 6,500 approx.</td>
</tr>
<tr>
<td>UltraTech Cement</td>
<td>Use tyre chips &amp; rubber dust as alternate fuel</td>
<td>Reduction of about 30,000 tonnes of carbon emissions annually&lt;br&gt;Generate over 650 million units of renewable power</td>
</tr>
<tr>
<td>Lafarge's Arasmeta plant</td>
<td>Substitute 10% of coal used in kilns with rice husk</td>
<td>Higher energy savings and lower carbon emissions</td>
</tr>
</tbody>
</table>

Source: CMA
Growth Drivers and Opportunities
Growth drivers and opportunities

- The demand of Cement industry is expected to achieve 550-600 million tonnes per annum constantly by 2025 because of the expanding requests of different divisions i.e. housing, commercial construction and industrial construction.

Housing and Real Estate
- Government initiatives like Housing for All will push demand in the sector.
- Real estate market in India is expected to reach US$ 1 trillion by 2023. Strong growth in rural housing and low-cost housing to amplify demand.

Public Infrastructure
- As per Union Budget 2019-20, the Government is expected to upgrade 1,25,000 kms of road length over the next five years under NIP.
- As per the Union Budget 2021-22, the government approved an outlay of Rs. 1,18,101 crore (US$ 16.22 billion) for the Ministry of Road Transport and Highways.
- Government announcements in November–December 2020 regarding key infrastructure projects such as National Highway projects in Nagaland (worth US$ 560.88 million), Rajasthan (worth US$ 1.14 billion), Karnataka (worth US$ 1.49 billion) and Telangana (worth US$ 1.80 billion).
- As per the Union Budget 2021-22, National Infrastructure Pipeline (NIP) expanded to 7,400 projects from 6,835 projects.
- Government of India’s push with Smart Cities Mission and AMRUT.

Industrial Development
- Strong economic growth is expected to lead to growth of the industrial sector and in turn increase in demand in the long run.

**Percentage Share of Cement Demand in FY20**

- Housing and real estate: 55%
- Infrastructure: 22%
- Industrial Development: 13%
- Low-cost Housing: 10%

*Source: Ministry of External Affairs (Investment and Technology Promotion Division), AT Kearney, CARE Ratings, NAREDCO and APREA, Union Budget 2021-22*
Government budget allocation and schemes

1. **Union Budget 2021-22**
   - The Union Budget allocated Rs. 13,750 crore (US$ 1.88 billion) and Rs. 12,294 crore (US$ 1.68 billion) for Urban Rejuvenation Mission: AMRUT and Smart Cities Mission and Swachh Bharat Mission, respectively.
   - The government's push for infrastructure, combined with housing for all, Smart Cities Mission and Swachh Bharat Mission programmes, will boost the demand for cement in the country.

2. **Pradhan Mantri Awas Yojana**
   - In the Union Budget 2021-22, an outlay of Rs. 27,500 crore (US$ 3.77 billion) has been allotted under Pradhan Mantri Awas Yojana.
   - Pradhan Mantri Awas Yojana is an initiative by the government to provide affordable housing to economically weaker sections and low-income groups through financial assistance.
   - The scheme aims to achieve its objective of ‘Housing for All’ by constructing 20 million houses across the country by March 31, 2022.

*Source: Union Budget 2021-22*
Investment scenario…(1/3)

1. **Ramco Cements**
   - In March 2021, Ramco Cements expanded its installed production capacity from 16 metric tonne/year to 20 metric tonne/year in FY2022.
   - In November 2020, Ramco Cements Ltd. acquired an additional stake worth Rs 2.48 crore (US$ 335.34 thousand) in Lynks Logistics.

2. **ACC**
   - In April 2021, ACC announced the expansion plan of its grinding unit in Tikaria (which has a 1.6 MTPA cement capacity).
   - On February 6, 2021, ACC announced the groundbreaking ceremony of its greenfield project of 2.7 MTPA integrated cement plant with 1 MTPA cement grinding unit at Ametha in Kymore, Madhya Pradesh.
   - In January 2021, the company commissioned its new grinding unit at Sindri, in Dhanbad District of Jharkhand, adding an additional capacity of 1.4 million tonnes per annum to the existing 3 MTPA unit.

3. **Heidelberg Cement**
   - Heidelberg Cement, a Germany-based cement manufacturer, has commissioned phase-I of its Jhansi grinding unit. The company has undertaken an investment worth US$ 259.4 million for expanding its capacity to 2.9 MT.
   - As of 2020, the company has four cement manufacturing plant, four grinding units and one cement terminal in the country.

*Note:* MTPA - Million Tonnes Per Annum

*Source:* Company Website, News Articles
Dalmia Cement
- In February 2021, Dalmia Cement announced plans to double its current production capacity to 55-57 million tonne per annum.
- In December 2020, Dalmia Cement announced a capacity addition of 2.3 MTPA at its Bengal Cement Works (BCW) unit in West Midnapore with an investment of Rs. 360 crores (US$ 49.47 million).
- In November 2020, Dalmia Cement has signed a contract with Paytm for digitising its payment processes. Paytm will help customers purchase Dalmia Cement products from >30,000 dealers and distributors across 22 Indian states and union territories using Paytm Wallet, Unified Payments Interface (UPI) and other cashless modes of payment.
- In October 2020, Dalmia Bharat Group announced plans to invest ~Rs 2,000 crore (US$ 270.44 million) for setting up a cement plant in Kalaburgi, Karnataka.

JSW Cement
- In November 2020, Shiva Cement Ltd., a subsidiary of JSW Cement Ltd., has announced plans to invest over Rs. 1,500 crore (US$ 203.21 million) in a new 1.36 million tonne per annum clinker unit project in Odisha.

UltraTech Cement
- In March 2021, UltraTech Cement acquired 3B Binani Glassfibre Sarl Luxembourg, a subsidiary of Binani Industries.
- In December 2020, the company plans to invest Rs. 5,477 crore (US$ 776.99 million) to raise the capacity by 12.8 mtpa. The expansion includes existing approval for the cement plant at Pali in Rajasthan, in addition to capacity expansion of 6.7 mtpa currently underway in Uttar Pradesh, Odisha, Bihar and West Bengal.

Note: *MTPA - Million Tonnes Per Annum
Source: Company Website, News Articles
Shree Cement

- The company targets to expand capacity to 55 MTPA by 2023 and 75-80 MTPA by 2026.
- In February 2021, IBM collaborated with Shree Cement to run their database and core business applications using AIX and Red Hat on IBM POWER9-based IBM Power Systems. The implementation will allow Shree Cement to seamlessly enhance its productivity and enable supply chain efficiencies across its manufacturing plants.

Star Cement

- In January 2021, the company announced its plan to invest US$ 137 million to increase production capacity of its integrated cement plant in Guwahati, Assam, by 2 MTPA. The expansion plan is likely to complete by mid-2023.

Ambuja Cement

- In April 2021, the company announced plans to reach 50 million tonnes per annum capacity from its existing capacity of 29.65 million tonnes.

Note: *MTPA - Million Tonnes Per Annum
Source: Company Website, News Articles
Key Industry Contacts
## Key Industry Contacts

<table>
<thead>
<tr>
<th>Agency</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cement Manufacturers’ Association (CMA)</strong></td>
<td>3rd Floor, Shri Sharda Institute of Indian Management -Research (SSIIM), 7 Institutional Area, Vasant Kunj, Phase-II, New Delhi, Delhi 110070. Phone: 91-120-2411955, 2411957, 2411958 E-mail: <a href="mailto:cmand@cmaindia.org">cmand@cmaindia.org</a> Website: <a href="http://www.cmaindia.org/index.html">www.cmaindia.org/index.html</a></td>
</tr>
<tr>
<td><strong>Indian Concrete Institute</strong></td>
<td>Ocean Crest 79, Third Main Road, Gandhi Nagar, Adyar, Chennai - 600 020 Phone: 91-44-24912602 Fax: 91-44-24455148 E-mail: <a href="mailto:ici3@vsnl.in">ici3@vsnl.in</a>, <a href="mailto:ici4@airtelmail.in">ici4@airtelmail.in</a>, <a href="mailto:vj6314@gmail.com">vj6314@gmail.com</a> Website: <a href="http://www.indianconcreteinstitute.org">www.indianconcreteinstitute.org</a></td>
</tr>
<tr>
<td><strong>National Council for Cement and Building Materials</strong></td>
<td>34th Milestone, Delhi-Mathura Road, Ballabgarh - 121 004 Haryana, India Phone: 91-129-4192222, 2242051, 91-129-4192239, 4192305 E-mail: <a href="mailto:cqcb@ncbindia.com">cqcb@ncbindia.com</a>, <a href="mailto:ncb.cqc@gmail.com">ncb.cqc@gmail.com</a> Website: <a href="https://www.ncbindia.com/">https://www.ncbindia.com/</a></td>
</tr>
</tbody>
</table>
Glossary

- CMA: Cement Manufacturers’ Association
- GDP: Gross Domestic Product
- GoI: Government of India
- Rs.: Indian Rupee
- MTPA: Million Tonnes Per Annum
- NE India: North-East India
- FY: Indian Financial Year (April to March); FY10 implies April 2009 to March 2010
- US$: US Dollar
- Wherever applicable, numbers have been rounded off to the nearest whole number
## Exchange rates

### Exchange Rates (Fiscal Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rs. Equivalent of one US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>44.95</td>
</tr>
<tr>
<td>2005-06</td>
<td>44.28</td>
</tr>
<tr>
<td>2006-07</td>
<td>45.29</td>
</tr>
<tr>
<td>2007-08</td>
<td>40.24</td>
</tr>
<tr>
<td>2008-09</td>
<td>45.91</td>
</tr>
<tr>
<td>2009-10</td>
<td>47.42</td>
</tr>
<tr>
<td>2010-11</td>
<td>45.58</td>
</tr>
<tr>
<td>2011-12</td>
<td>47.95</td>
</tr>
<tr>
<td>2012-13</td>
<td>54.45</td>
</tr>
<tr>
<td>2013-14</td>
<td>60.50</td>
</tr>
<tr>
<td>2014-15</td>
<td>61.15</td>
</tr>
<tr>
<td>2015-16</td>
<td>65.46</td>
</tr>
<tr>
<td>2016-17</td>
<td>67.09</td>
</tr>
<tr>
<td>2017-18</td>
<td>64.45</td>
</tr>
<tr>
<td>2018-19</td>
<td>69.89</td>
</tr>
<tr>
<td>2019-20</td>
<td>70.49</td>
</tr>
<tr>
<td>2020-21</td>
<td>73.20</td>
</tr>
</tbody>
</table>

**Note:** As of April 2021  
**Source:** Reserve Bank of India, Average for the year

### Exchange Rates (Calendar Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rs. Equivalent of one US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>44.11</td>
</tr>
<tr>
<td>2006</td>
<td>45.33</td>
</tr>
<tr>
<td>2007</td>
<td>41.29</td>
</tr>
<tr>
<td>2008</td>
<td>43.42</td>
</tr>
<tr>
<td>2009</td>
<td>48.35</td>
</tr>
<tr>
<td>2010</td>
<td>45.74</td>
</tr>
<tr>
<td>2011</td>
<td>46.67</td>
</tr>
<tr>
<td>2012</td>
<td>53.49</td>
</tr>
<tr>
<td>2013</td>
<td>58.63</td>
</tr>
<tr>
<td>2014</td>
<td>61.03</td>
</tr>
<tr>
<td>2015</td>
<td>64.15</td>
</tr>
<tr>
<td>2016</td>
<td>67.21</td>
</tr>
<tr>
<td>2017</td>
<td>65.12</td>
</tr>
<tr>
<td>2018</td>
<td>68.36</td>
</tr>
<tr>
<td>2019</td>
<td>69.89</td>
</tr>
<tr>
<td>2020</td>
<td>74.18</td>
</tr>
<tr>
<td>2021*</td>
<td>74.94</td>
</tr>
</tbody>
</table>
Disclaimer

India Brand Equity Foundation (IBEF) engaged Sutherland Global Services private Limited to prepare/update this presentation.

All rights reserved. All copyright in this presentation and related works is solely and exclusively owned by IBEF, delivered during the course of engagement under the Professional Service Agreement signed by the Parties. The same may not be reproduced, wholly or in part in any material form (including photocopying or storing it in any medium by electronic means and whether or not transiently or incidentally to some other use of this presentation), modified or in any manner communicated to any third party except with the written approval of IBEF.

This presentation is for information purposes only. While due care has been taken during the compilation of this presentation to ensure that the information is accurate to the best of Sutherland Global Services’ Private Limited and IBEF’s knowledge and belief, the content is not to be construed in any manner whatsoever as a substitute for professional advice.

Sutherland Global Services Private Limited and IBEF neither recommend nor endorse any specific products or services that may have been mentioned in this presentation and nor do they assume any liability, damages or responsibility for the outcome of decisions taken as a result of any reliance placed on this presentation.

Neither Sutherland Global Services Private Limited nor IBEF shall be liable for any special, direct, indirect or consequential damages that may arise due to any act or omission on the part of the user due to any reliance placed or guidance taken from any portion of this presentation.