CEMENT
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Executive summary

1. SECOND-LARGEST CEMENT MARKET
   • 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 is the world’s second-largest cement producer.

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.

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, DIPP, Heidelberg Cement Investors Presentation November 2018
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 September 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.
- Long-term cement demand growth rate is estimated at 1.2 times of GDP growth rate.
- Per capita cement consumption of cement at 235 kgs is currently the lowest among developing countries as the world averages 520 kgs.

Source: Budget 2019-20, News Articles, DPIIT, *Ultratech investors presentation May 2018
Advantage India

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).
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1 ROBUST DEMAND
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- Several government schemes such as MGNREGA, PM Garib Kalyan Rozgar Abhiyan and state-level schemes like Matir Srisht (West Bengal) and public work schemes (Jharkhand) have aided demand.

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

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

According to CLSA (institutional brokerage and investment group), the Indian cement sector is witnessing improved demand.

Key players reported by the company are ACC, Dalmia and Ultratech Cement. In the second quarter of FY21, Indian cement companies reported a sharp rebound in earnings and demand for the industry increased, driven by rural recovery.

With the rural markets normalising, the demand outlook remained strong.

For FY21, CLSA expects a 14% YoY increase in EBITDA in the cement market for its coverage stocks.

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,
Market overview

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

*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.

Note: #Including Cement, Clinker and Asbestos Cement, ^CAGR is up to FY20.
Source: DGCIS
Installed capacity & key markets in each of the geographic regions

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

**Source:** Indian Minerals Yearbook by Indian Bureau of Mines; Ultratech Cement

- **North (Rajasthan, Punjab, Haryana)**: 107.14 MTPA
- **Central (Uttar Pradesh, Madhya Pradesh)**: 63.31 MTPA
- **East (West Bengal, Chhattisgarh, Odisha, Jharkhand)**: 92.53 MTPA
- **South (Tamil Nadu, Andhra Pradesh, Karnataka)**: 160.71 MTPA
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 2020-21, the Government of India extended benefits, under Section 80-IBA of the Income Tax Act, until March 31, 2021, to promote affordable 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</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</td>
</tr>
<tr>
<td></td>
<td>Increase its Waste Heat Recovery System (WHRS)</td>
<td>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
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 and attract investment worth Rs. 46,000 crore (US$ 6.5 billion) in 2020.
- 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.
- 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).
- Metro rail projects already underway in most major cities.
- 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.

**Source:** Ministry of External Affairs (Investment and Technology Promotion Division), AT Kearney, CARE Ratings, NAREDCO and APREA
1 UNION BUDGET 2020-21

- The Union Budget has allocated Rs. 50,040 crore (US$ 7.10 billion) for Urban Rejuvenation Mission: AMRUT and Smart Cities Mission. Government’s infrastructure push combined with housing for all, Smart Cities Mission and Swachh Bharat Abhiyan is going to boost cement demand in the country.

2 PRADHAN MANTRI AWAAS YOJANA - URBAN

- In the Union Budget 2020-21, the Government of India extended an additional outlay of Rs. 18,000 crore (US$ 2.43 billion) for the PM Awaas Yojana - Urban over the already allocated Rs. 8,000 crore (US$ 1.08 billion); this is expected to be used for the development of ~30 lakh houses (ground support for 12 lakh houses and completion of 18 lakh houses) and will likely create an additional 78 lakh jobs and boost production and sale in the steel and cement sectors.

3 PRADHAN MANTRI AWAAS YOJANA - GRAMIN SCHEME

- An outlay of Rs. 27,500 crore (US$ 3.93 billion) has been allotted under Pradhan Mantri Awas Yojana in Union Budget 2020-21.
- Pradhan Mantri Awas Yojana - Gramin (PMAY-G) aims to achieve the objective of “Housing for All” by 2022. A total of 1.54 crore rural homes have been completed in the last five years. The second phase of the scheme is being implemented from 2019-2022.

4 AUCTION OF LIMESTONE BLOCK

- As of September 2019, two more blocks, Naringpanga graphite block with a reserve of 0.33 MT in Rayagada district and Uskalvagu Limestone block in Malkangiri district were auctioned.

*Source: Union Budget 2019-20, 2020-21. News Articles*
1. Ramco Cements
   - 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 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 2019, company has four cement manufacturing plant, four grinding units and one cement terminal in the country.

Note: *MTPA - Million Tonnes Per Annum
Source: , News Articles
Dalmia Cement

- 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.

JK Cement

- JK Cement is planning to invest Rs. 1,700 crore (US$ 235.6 million) by 2020 to increase its production capacity to 15 MT from the current capacity of 10 MT. It is also entering into new markets like Gujarat and Uttar Pradesh.
- The company is aiming to further increase its production capacity to reach 18 MTPA by 2022.
- 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.

Emami Cement

- Emami Cement currently has three cement manufacturing assets with a capacity of 5.6 MT.
- In May 2019, SEBI approved Emami Cement Ltd’s initial public offering (IPO).
- The company was setting up its Kalinganagar manufacturing plant and expected operations to start by April 2020. It also acquired the Bhabua manufacturing plant in September 2018.

Note: *MTPA - Million Tonnes Per Annum
Source: , News Articles
## Shree Cement
- Shree Cement Ltd. reported an increase of 68.4% in net profit, driven by costs reduction and strong sales volume.
- The company plans to enter India’s western by mid 2020 with a 2.5 MTPA grinding unit near Pune. It intends to invest around Rs. 625 crore (US$ 89.42 million) in this project.
- A grinding unit with 3 mtpa is to be commissioned by the company at Cuttack in Odisha for US$ 2.5 million
- The company target to expand capacity to 55 MTPA by 2023 and 75-80 MTPA by 2026.

## Ambuja Cement
- As of March 2018, the company invested Rs. 1,391 crore (US$ 214.86 million) for setting up a 1.7 MTPA greenfield clinker plant in Rajasthan, which is expected to be operational by second half of 2020. Majority of the land is already in possession of the company and the rest is in advanced stages of acquisition.

## Ultratech Cement
- 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: *News Articles
Key Industry Contacts
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<tr>
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<th>Contact Information</th>
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<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>
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<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>
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<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>
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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)

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### Exchange Rates (Calendar Year)

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**Note:** As of January 2021  
**Source:** Reserve Bank of India, Average for the year
India Brand Equity Foundation (IBEF) engaged Sutherland Global Services private Limited to prepare/update this presentation.

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