



CEMENT

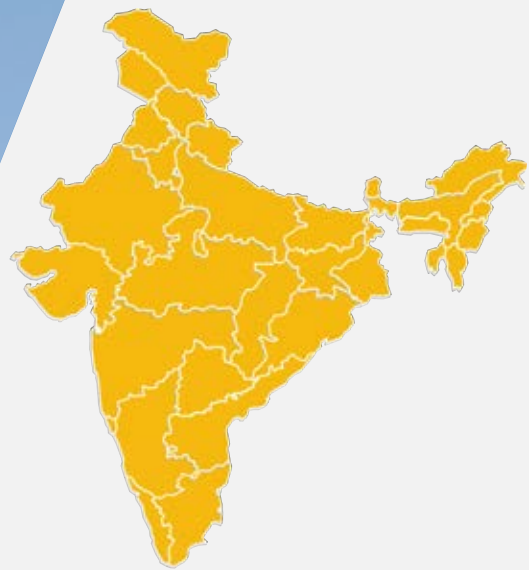
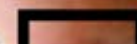
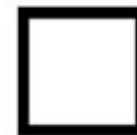
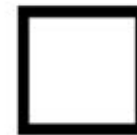
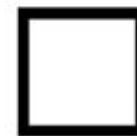


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Second largest cement market

- India's overall cement production capacity was nearly 502 million tonnes (MT) in FY19 and consumption increased 5 per cent during this period due to high growth in housing segment and higher infrastructure spending.
- India's cement production capacity is expected to reach 550 MT by 2025.
- India is the second largest cement producer in the world and accounted for over 8 per cent of the global installed capacity as of 2019.

Dominated by private players

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

Higher share 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.

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



- Initiative to build 100 smart cities and boost to affordable housing projects to give a further stimulus.
- High cement demand to be driven by the government's focus on infrastructure and housing for all by 2022.

Robust demand

- Northeast, which is witnessing a construction boom, offers attractive investment opportunities.
- Opportunities available in areas such as housing, dedicated freight corridors, ports and other infrastructure projects.

Attractive opportunities

ADVANTAGE INDIA

- 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.

Long-term potential

- Robust investments are being made by existing players to expand their capacity.
- FDI inflow in the industry related to manufacturing of cement and gypsum products reached US\$ 5.28 billion between April 2000 and March 2020.
- National Infrastructure Pipeline (NIP) introduced projects worth Rs 102 lakh crore (US\$ 14.59 billion) for the next five years.

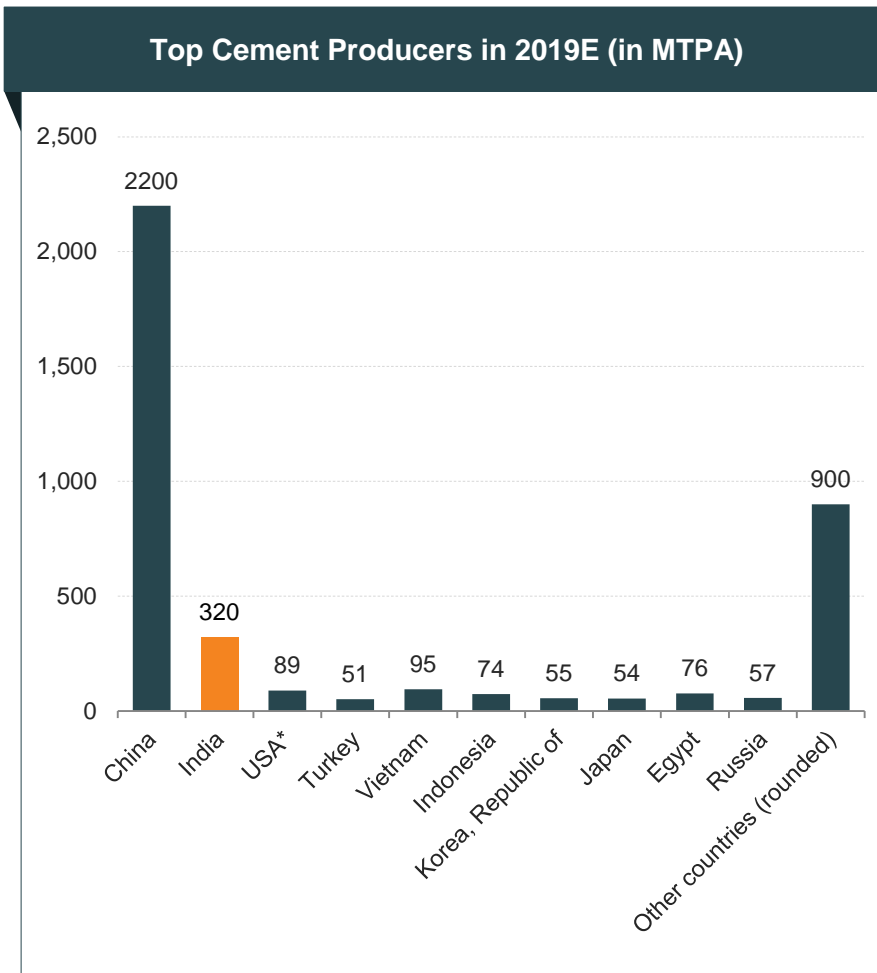
Increasing investments

Source: Budget 2019-20, News Articles, , DIPP, *Ultratech investors presentation May 2018

MARKET OVERVIEW AND TRENDS



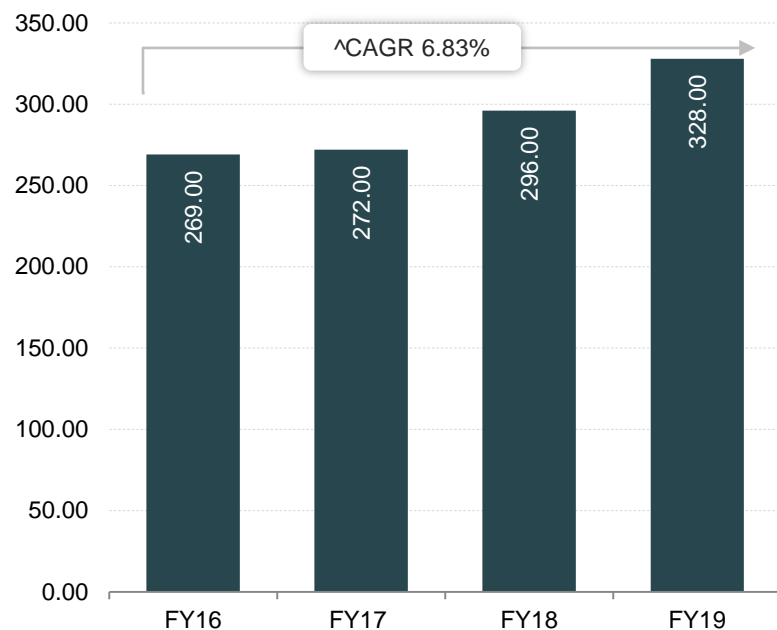
- India is the world’s second largest cement market, both in production and consumption.
- It is supported by high level of activity going on in real estate and high Government spending on smart cities and urban infrastructure.
- Capacity addition of 20 million tonnes per annum (MTPA) is expected during FY19- FY21.
- The outlook for domestic cement sector was stable for October 2018 to March 2019 as overall demand conditions remained steady.
- In 2019E, the production of cement in India was estimated at 320 MTPA.



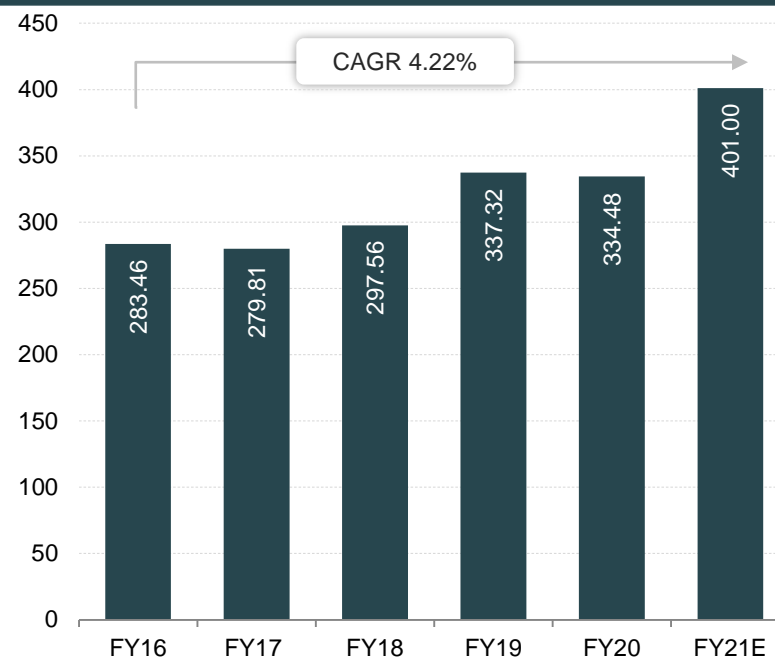
Note: E – Estimate, * Includes Puerto Rico,

Source: Cement Manufacturers Association, USGS Mineral Commodities Summary 2019, Crisil,

Cement consumption (million tonnes)



Cement Production in India (million tonnes)



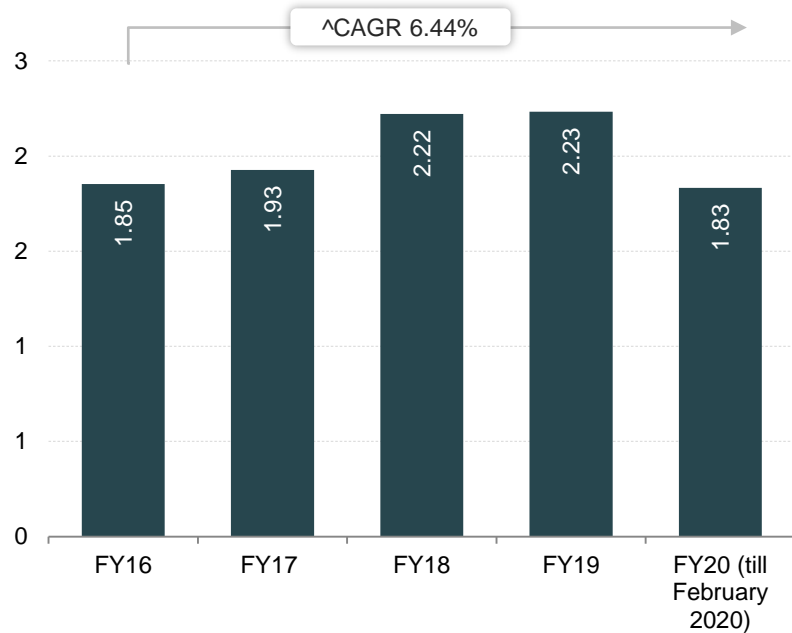
- India's cement production is expected to rise between 5-7 per cent in FY20, backed by demands in roads, urban infrastructure and commercial real estate.
- Cement production reached 334.48 MT in FY20.
- Sale of cement in India stood at Rs 58,407 crore (US\$ 8.29 billion) in 9MFY20.

Note: #As per CRISIL, ^CAGR is up to FY19, F-Forecast,

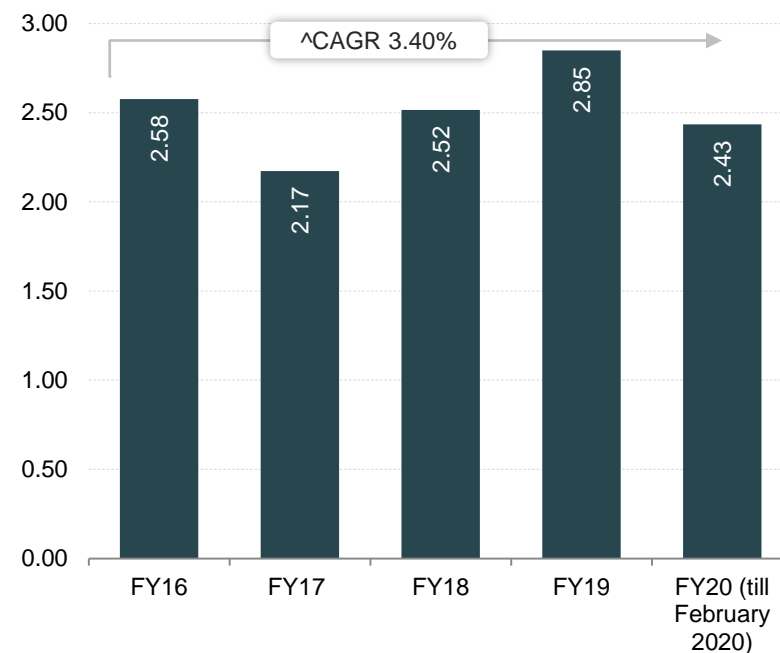
Source: Media sources, CARE Ratings, Ultratech Cement, ICRA

EXPORT AND IMPORT OF CEMENT

Cement Export from India# (US\$ billion)



Cement Import to India# (US\$ billion)

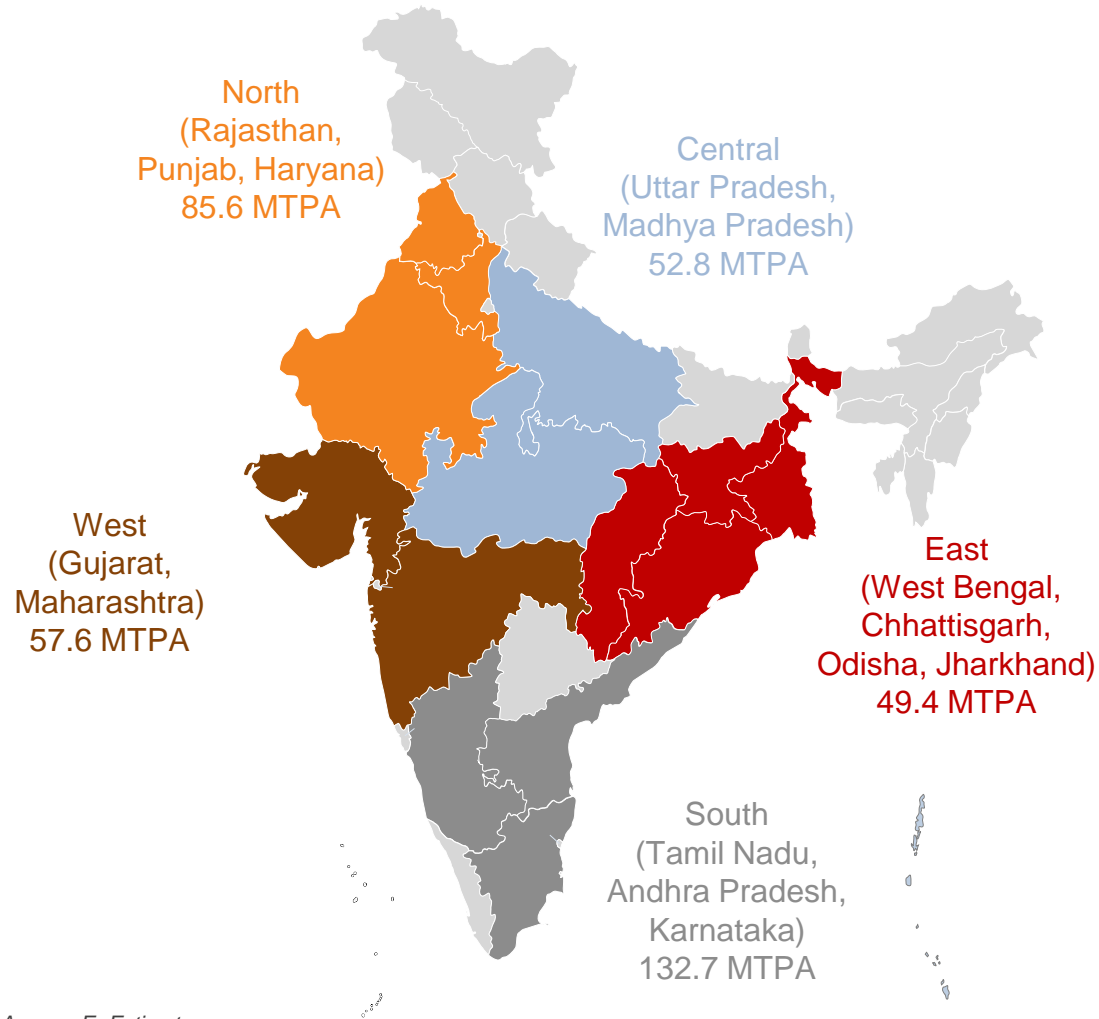


- India's export of cement, clinker and asbestos increased at a CAGR of 6.44 per cent between FY16-FY19. In FY20 (till February 2020), it reached US\$ 1.83 billion.
- The country's top export destinations for cement, clinker and asbestos in FY19 were Nepal, Sri Lanka, USA, Maldives and UK.
- The country's top five import sources for cement, clinker and asbestos in FY19 were Pakistan, Bangladesh, Japan, Vietnam and Thailand.

Note: #Including Cement, Clinker and Asbestos Cement, ^CAGR is up to FY19.

Source: DGCIS

INSTALLED CAPACITY AND 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

STRATEGIES ADOPTED



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.

Overseas tie-up

- India has joined hands with Switzerland to reduce energy consumption and develop newer methods in the country for more efficient cement production, which will help India meet its rising demand for cement in the infrastructure sector.

Housing for All

- In Union Budget 2019-20, the Government of India extended benefits under Section 80 - IBA of the Income Tax Act till March 31, 2020 to promote affordable housing in India.
- Housing and real estate sectors account for nearly 65 per cent of the total cement consumption in India.

Adoption of cement instead of bitumen and ready mix concrete (RMC)

- 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.

Merger & Acquisition (M&A)

- In February 2020, Nirma Group announced acquisition of Emami Cement Limited (ECL) for an enterprise value of Rs 5,500 crore (US\$ 786.95 million).

Source: Union Budget 2019–20, Emkay Global Financial Services, News Articles

SUCCESSFUL USE OF ALTERNATE FUELS IN CEMENT PRODUCTION

Company/Plant	Strategy	Benefits
Madras Cement's Alathiyur plant	Use bioenergy through burning of coffee husk & cashew nut shells	Annual cost savings of US\$ 1.7 million
India Cements Ltd's Dalavoi plant	Use Low Sulphur Heavy Stock (LSHS) sludge as alternate fuel	Annual savings of US\$ 6,500 approx
UltraTech's Gujarat Cement Works	Use tyre chips & rubber dust as alternate fuel	Reduction of about 30,000 tonnes of carbon emissions annually
Lafarge's Arasmeta plant	Substitute 10 per cent of coal used in kilns with rice husk	Higher energy savings and lower carbon emissions

Source: CMA

GROWTH DRIVERS AND OPPORTUNITIES



- India's cement demand was expected to rise 8 per cent in FY20 according to rating agency ICRA.
- 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.

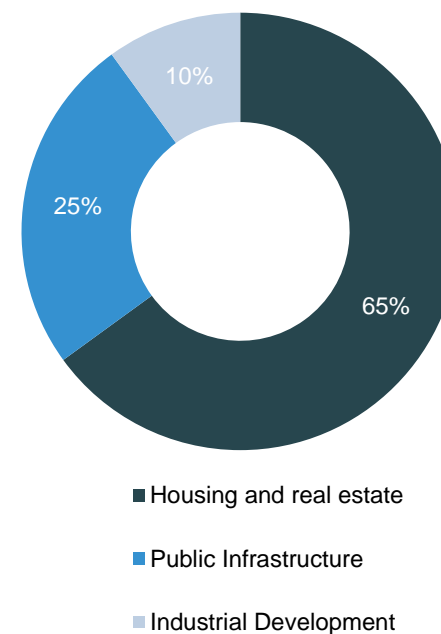
Public Infrastructure

- As per Union Budget 2019-20, the Government is expected to upgrade 1,25,000 kms of road length over the next five years.
- Projects like Dedicated Freight Corridors and ports under development.
- 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.

Percentage share of cement demand in FY19



Source: Ministry of External Affairs (Investment and Technology Promotion Division), AT Kearney, CARE Ratings, NAREDCO and APREA

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.
- To enhance the source of capital for infrastructure financing, Credit Guarantee Enhancement Corporation, for which regulations have been notified by the RBI, will be set up in 2020.

Affordable housing

- In Union Budget 2020-21, the Government of India extended benefits under Section 80 - IBA of the Income Tax Act till March 31, 2020 to promote affordable housing in India.
- Enhanced interest deduction up to Rs 150,000 (US\$ 2,146) for purchase of an affordable house.

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.

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.

Note: RE – Revised Estimate

Source: Union Budget 2019-20, 2020-21. News Articles

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.

Shree Cement

- 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.
- 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

- The company is planning to build a US\$ 287 million plant in Rajasthan. The plant will have a capacity of 3.5 MTPA and is expected to commence operations by June 2020.
- In October 2019, the company announced plans to invest Rs 940 crore (US\$ 134.50 million) to increase the production of premium products for strengthening its position in eastern markets.

Note: *MTPA – Million Tonnes Per Annum

Source: , News Articles

Ramco Cements

- The company will invest Rs 15 billion (US\$ 213.74 million) to set up a 3.15 MTPA greenfield cement plant in Andhra Pradesh. With this investment, the company will become the largest cement manufacturer in Andhra Pradesh.

ACC

- In 2019, the company launched Siliguri's first branded RMC plant and inaugurated three new Ready Mixed Concrete (RMX) plants at Siliguri, Chennai and Sindri.

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.

Dalmia Cement

- As of November 2019, the company inaugurated an integrated snorkel manufacturing line at Rajgangpur, Odisha.
- In Jan 2020, the company marked its ten year of operations in India. It now has five manufacturing plants in India, one in Germany and one in China.

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.

Source: News Articles

KEY INDUSTRY ORGANISATIONS



Cement Manufacturers' Association (CMA)

CMA Tower, A-2E, Sector 24 NOIDA – 201 301
Uttar Pradesh, India
Phone: 91-120-2411955, 2411957, 2411958
Fax: 91-120-2411956
E-mail: cmand@vsnl.com
Website: www.cmaindia.org/index.html

Indian Concrete Institute

Ocean Crest 79, Third Main Road, Gandhi Nagar, Adyar, Chennai – 600 020
Phone: 91-44-24912602
Fax: 91-44-24455148
E-mail: ici3@vsnl.in, ici4@airtelmail.in, vj6314@gmail.com
Website: www.indianconcreteinstitute.org

National Council for Cement and Building Materials

34th Milestone, Delhi-Mathura Road, Ballabgarh – 121 004 Haryana, India
Phone: 91-129-2242051/52/53/54/55/56; 4192222
Fax: 91-129-2242100; 2246175
E-mail: nccbm@vsnl.com; info@ncbindia.com

USEFUL INFORMATION



- CMA: Cement Manufacturers' Association
- GDP: Gross Domestic Product
- Gol: 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)

Year INR	INR Equivalent of one US\$
2004-05	44.95
2005-06	44.28
2006-07	45.29
2007-08	40.24
2008-09	45.91
2009-10	47.42
2010-11	45.58
2011-12	47.95
2012-13	54.45
2013-14	60.50
2014-15	61.15
2015-16	65.46
2016-17	67.09
2017-18	64.45
2018-19	69.89
2019-20	70.49

Exchange Rates (Calendar Year)

Year	INR Equivalent of one US\$
2005	44.11
2006	45.33
2007	41.29
2008	43.42
2009	48.35
2010	45.74
2011	46.67
2012	53.49
2013	58.63
2014	61.03
2015	64.15
2016	67.21
2017	65.12
2018	68.36
2019	69.89

Source: Reserve Bank of India, Average for the year

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