



CEMENT UPDATE

JUNE 2024

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Port Analysis



CEMENT TRAFFIC AT INDIAN PORTS

(Qty in Metric Tonnes)

- Indian port traffic for cement in the period of Apr-May'24 saw a increase of 24.22% at 1472215 MT as compared to the same period of the previous fiscal.
- Pipavav port saw the highest traffic of cement in the period of Apr-May'24.

Cement Traffic At Indian Ports (Quantity in Million Metric Tonnes)			
Ports	Apr-May'24	Apr-May'23	Y.O.Y Variance
PIPAVAV	530000	487500	42500
JNPT	311012	250905	60107
DHARAMTAR	227127	0	227127
COCHIN	100000	120000	-20000
BEDI	90499	0	90499
BHAGWATI BANDAR	65040	56886	8154
TUTICORIN	55470	55800	-330
NAVLAKHI	52098	0	52098
MANGALORE	20000	40000	-20000
PORBANDAR	10650	7950	2700
Grand Total	1472215	1115644	356571

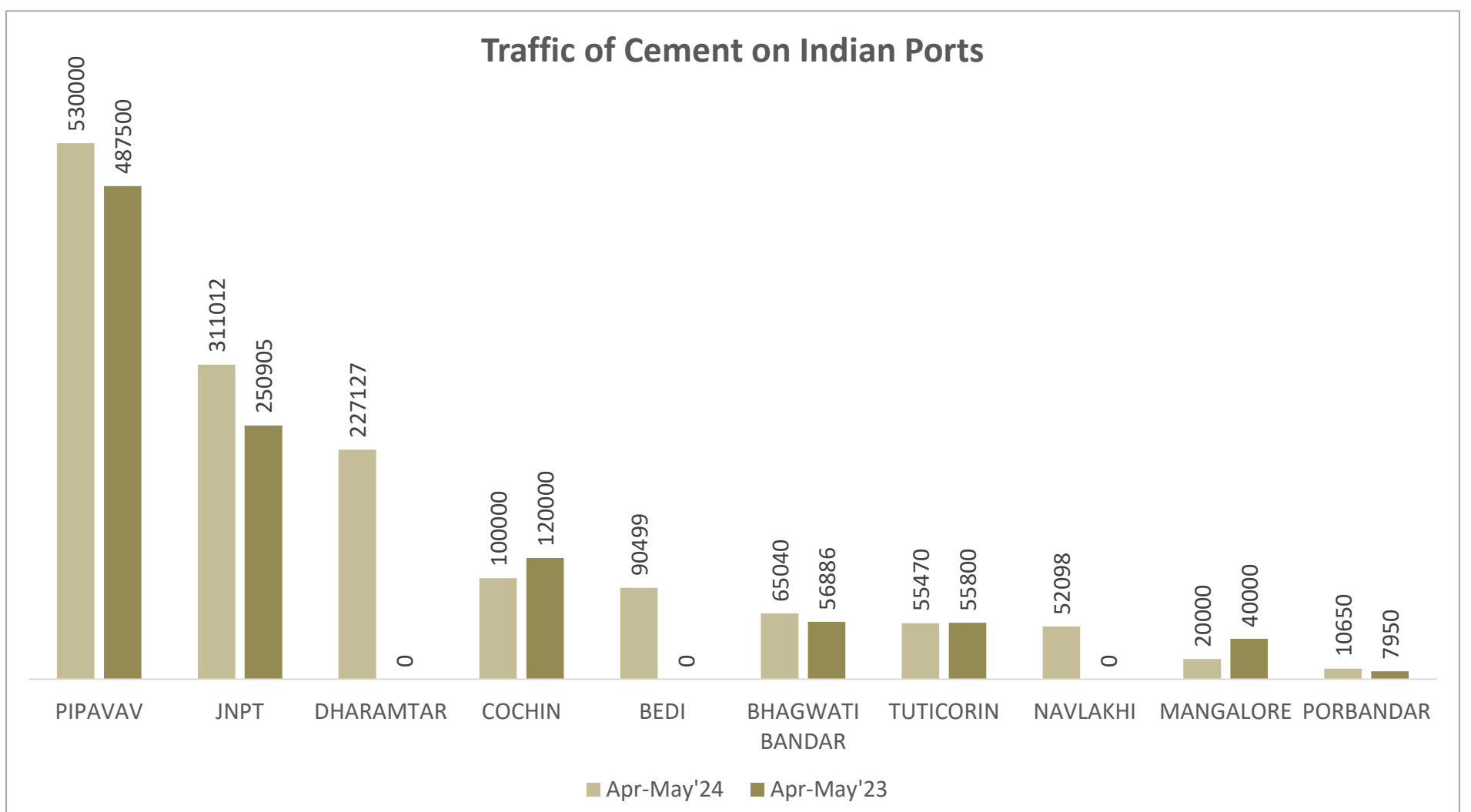
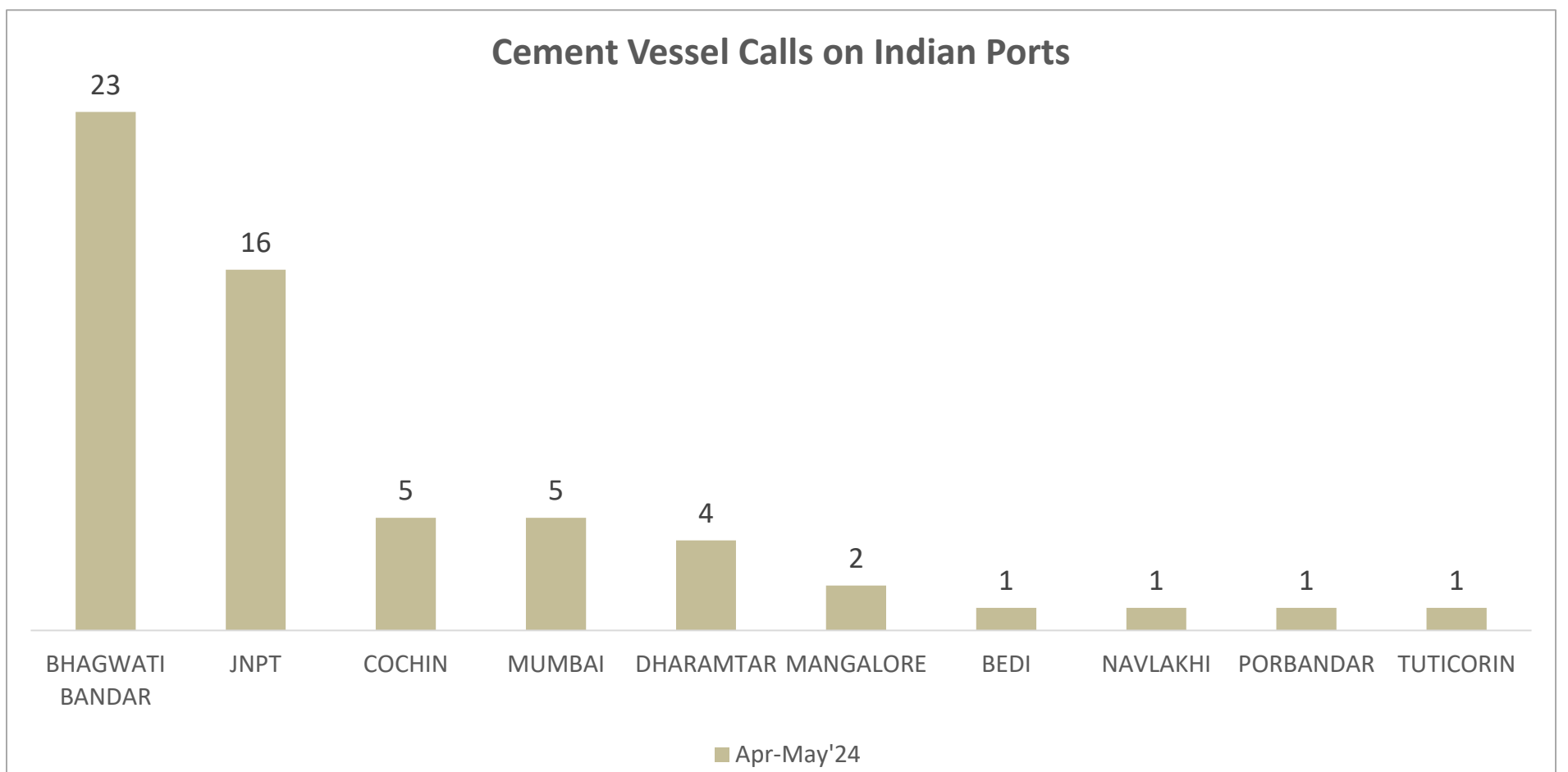
- Ultratech Cement turned out to be a major cement supplier to Sri Lanka, exporting 110000 MT of cement.

Cement Exports: Apr-May'24		
Exporters	Coastal	Sri Lanka
ULTRATECH CEMENT LTD.	420000	110000
SAURASHTRA CEMENT LTD.	6500	
Grand Total	426500	110000

NOTE: Above Statistics is drawn from data received from Port and Custom Authorities, while all information is believed to be correct, the editors of this compilation or JM Baxi do not guarantee the authenticity of data.

Cement Imports between Apr-May'24 (Qty in Metric Tonnes)		
IMPORTERS	COASTAL	EXIM
ULTRATECH CEMENT LTD.	496052	
AMBUJA CEMENT LTD.	55470	
JSW STEEL LTD.		227127
MAYAN COMOTRADE		52098
SAURASHTRA CEMENT LTD.		2200
Grand Total	551522	281425

- India's imports increased by 34.98% in the period of Apr-May'24 at 887766 MT as compared to the same period of the previous fiscal.



MARKET ANALYSIS

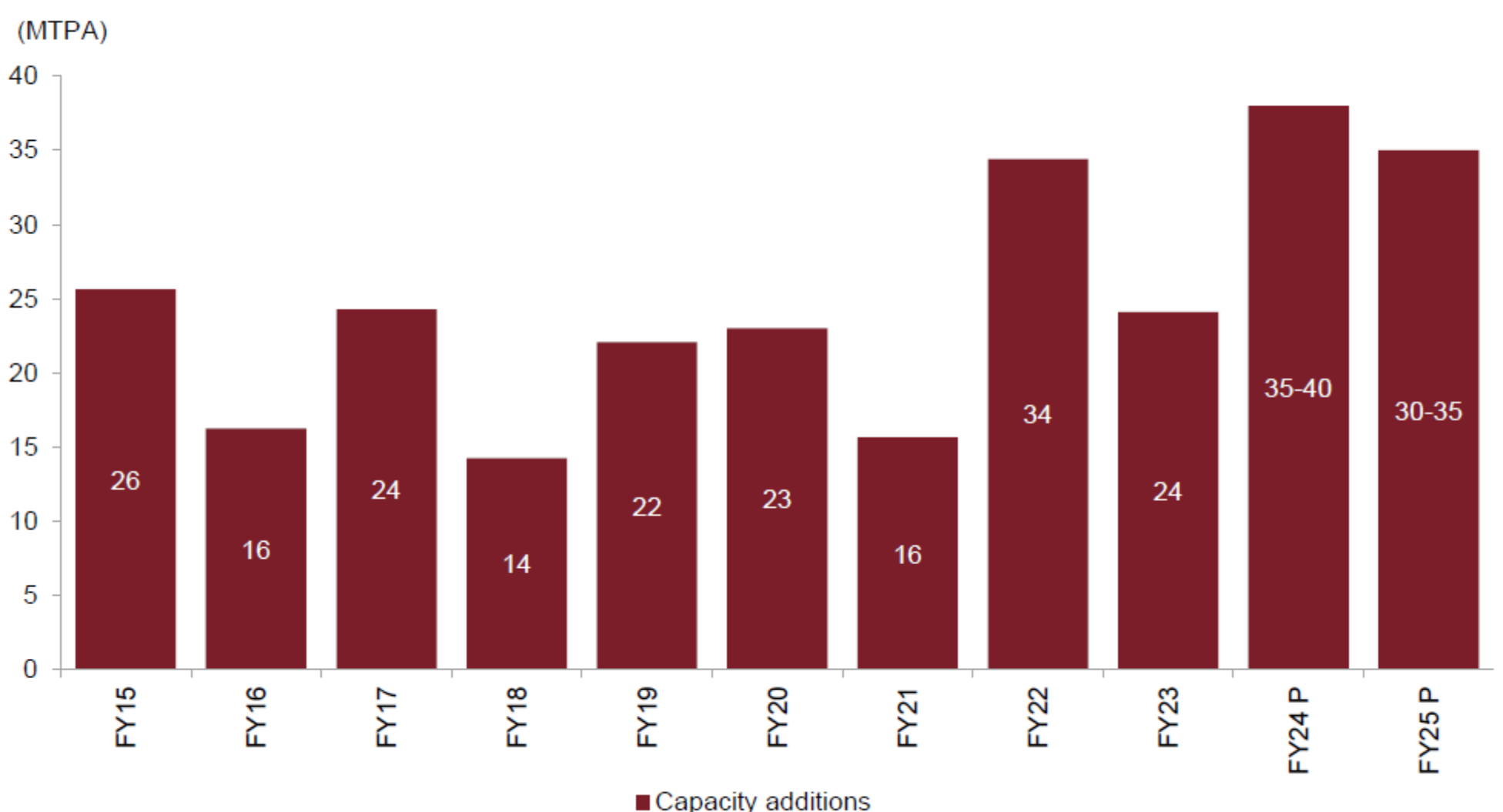


CEMENT MARKET ANALYSIS FOR JUNE 2024

CEMENT MARKET ANALYSIS (Apr-May'24 & May'24)

- As of April 2024, India's installed cement capacity stands at 553 million tons per annum (MTPA) with a production level of 298 MTPA. By the end of FY24, an additional 33-36 million tons of capacity is expected, increasing the total to approximately 586-589 MTPA, with production projected to rise to 317-322 MTPA. The industry is expected to see an 8% year-on-year volume growth in FY24, driven by strong demand from the infrastructure and housing sectors.
- Regionally, cement prices have varied: declining by Rs 2-3 per bag in the west and south, by Rs 6 per bag in the east, remaining flat in the central region, and increasing by Rs 6 per bag in the north. Pan-India average prices remained flat quarter-on-quarter, reflecting localized demand-supply dynamics. The eastern states are identified as new, untapped markets with significant growth potential, likely to benefit the bottom line of cement companies.
- For FY25, an additional 30-33 MTPA of capacity is expected, bringing the total installed capacity to approximately 616-622 MTPA. Nomura estimates a 7% capacity growth over FY23-25, compared to 5.6% over FY13-22, positioning India to become a major exporter of clinker and gray cement to the Middle East, Africa, and other developing regions.
- The sector's outlook is stable according to ICRA, with Crisil Ratings noting the highest capacity addition in the last decade expected by FY24. This reflects confidence in growth prospects driven by infrastructure and housing investments.
- Key drivers include government spending on housing and infrastructure, regional market expansion, and export opportunities. Challenges include price volatility, ensuring high capacity utilization, and efficient supply chain management. Growth opportunities lie in leveraging increased capacity for exports, capitalizing on growth in the eastern states, and improving production efficiency to manage costs. Strategic recommendations include focusing on operational efficiency, expanding market reach, and investing in sustainable practices and innovative products to enhance competitiveness.

Chart 1: Cement capacity addition the highest in over a decade in fiscal 2024





MARKET HIGHLIGHTS

- **Sagar Cements posts 15% YoY production growth**
- **JSW Cement plans ₹3,000-cr manufacturing plant in Rajasthan**
- **UltraTech Cement offers to acquire 31.6 per cent in UAE-based RAKWCT**

Sagar Cements posts 15% YoY production growth

- India's Sagar Cements Ltd has reported cement production of 5.47Mt in FY23-24 (1 April 2023-31 March 2024), up 15 per cent YoY. Clinker production over the same period improved by 22 per cent to 4.36Mt. Net sales in FY23-24 came in at INR24,982.5m (US\$299m), marking an advance of 12 per cent YoY, while EBITDA expanded by 61 per cent to reach INR2459.1m.
- Profit after tax in FY23-24 stood at a loss of INR520.5m, compared to a gain of INR96.1m in the previous year, while earnings per share slipped from INR0.74 in FY22-23 to a loss of INR3.98 in the same period a year later. The company currently runs 10.5Mta of cement production capacity and 6.6Mta of clinker production capacity, giving a utilisation rate in FY23-24 of 53 per cent. According to its annual report, it aims to double its production capacity to 20Mta by 2035.
- In terms of sustainability, FY23-24 saw a clinker factor of 74 per cent, against a target of 64 per cent by 2030 and 50 per cent by 2050. Scope 1 emissions in FY23-24 stood at 632kg of CO₂ /Mt with a target of 527kg set for 2030. A 3.3 per cent increase in its use of alternative fuel (AF) was noted in FY22-23. The company aims to reach an AF rate of 25 per cent by 2030 and 50 per cent by 2050.

Source: Cemnet

JSW Cement plans ₹3,000-cr manufacturing plant in Rajasthan

- JSW Cement is investing ₹3,000 crore to build an integrated manufacturing facility in Nagaur, Rajasthan. The new plant will include a clinkerisation unit of up to 3.30 million tonnes, a grinding unit of 2.50 million tonnes, and an 18 MW waste heat recovery-based power plant.
- The new facility will help JSW Cement serve markets in Rajasthan, Haryana, Punjab, and the NCR. This move is part of the company's strategy to achieve a pan-India footprint and enter the fast-growing cement markets of North India, which are witnessing significant infrastructure and housing development.
- JSW Cement currently has a production capacity of 19 million tonnes per year and plans to increase this to 26 million tonnes by 2025-26. The investment in Nagaur is expected to create over 1,000 direct and indirect job opportunities and is a step towards scaling the company's operations to eventually reach a capacity of 15 million tonnes at the new site.

Source: Economic Times

UltraTech Cement offers to acquire 31.6 per cent in UAE-based RAKWCT

- Giving a significant boost to 'green mobility', UltraTech Cement Ltd, India's largest cement and ready-mix concrete company, has introduced five electric trucks for transport of clinker from its integrated cement manufacturing unit Dhar Cement Works, located in Madhya Pradesh, to its grinding unit Dhule Cement factory, located in Maharashtra.
- To ensure reliable transportation, UltraTech has also set up three charging stations, one at each of the units and one en-route. The transportation of clinker using these five electric trucks instead of fossil-fuel based trucks will help to reduce transport emissions by about 680Mta of CO₂.
- Mr K C Jhanwar, MD UltraTech Cement Ltd, said, "At UltraTech, we are committed to driving sustainability across the value chain of our operations. It is heartening that we have been able to accelerate our progress on sustainable transport. The successful pilot of electric trucks, in addition to the CNG and LNG trucks already deployed in our operations, is a significant step in our efforts to enable 'green mobility'."
- UltraTech is committed to enabling sustainable transport and has pledged to deploy 500 electric trucks and add 1000 CNG/LNG vehicles in its operations by June 2025 as part of the Government of India's eFAST initiative. Through concerted efforts with logistic partners, the company currently has more than 390 CNG trucks and 50 LNG trucks operational across 17 manufacturing units.

Source: Economic Times

REPORTS FOR JUNE 2024

J. M. BAXI Monthly Agri Products Update

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