



Since 1916



CEMENT UPDATE

FEBRUARY 2024

TABLE OF CONTENTS

Port Analysis 3 - 5

Market Analysis 6 - 7

Market Highlights 8 - 9

Disclaimer: The information contained in this Aprket update is drawn from wide range of newspapers, business and trade magazines, government, company and industry association websites. While all possible care is taken to verify the correctness and authenticity of information contained in this compilation, no claim to independent authorship of articles is implied or intended. Readers are expected to make their own independent evaluation and verification of information for their use. While all information contained in this report are believed to be correct, the editors of this compilation or J. M. BAXI & CO. do not guarantee the quotes or other data.

Port Analysis



CEMENT TRAFFIC AT INDIAN PORTS

(Qty in Metric Tonnes)

- Indian port traffic for cement in the period of Apr'23-Jan'24 saw a decrease of 1.06% at 5916576 MT as compared to the same period of the previous fiscal and also saw a decrease in Jan'24 of 23.72% at 570714 MMT as compared to Jan'23.
- Pipavav port saw the highest traffic of cement in the period of Apr'23-Jan'24 and Jan'24 at 2535500 MT & 292500 MT respectively.

Cement Traffic At Indian Ports (Quantity in Million Metric Tonnes)			
Ports	Apr'23-Jan'24	Apr'22-Jan'23	Y.O.Y Variance
PIPAVAV	2535500	2103000	432500
JNPT	1273957	1085244	188713
COCHIN	686475	1012839	-326364
BEDI	218933	45000	173932
MANGALORE	197837	328822	-130985
MUMBAI	167236	59290	107946
BHAGWATI BANDAR	158459	148277	10182
TUTICORIN	150000	3900	146100
MULDWARKA	128000	146697	-18697
DHARAMTAR	103773	220628	-116855
Grand Total	5916576	5979864	-63288

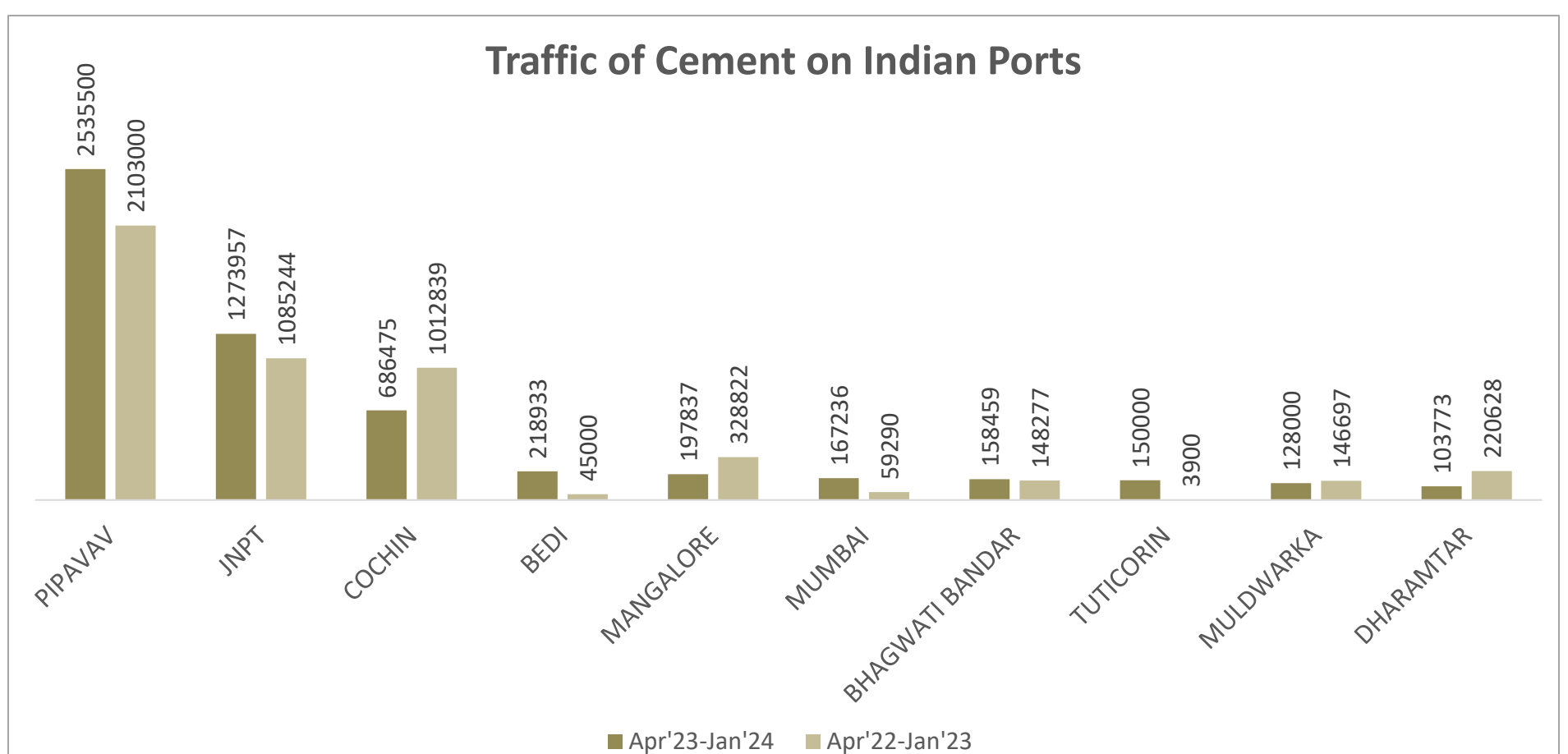
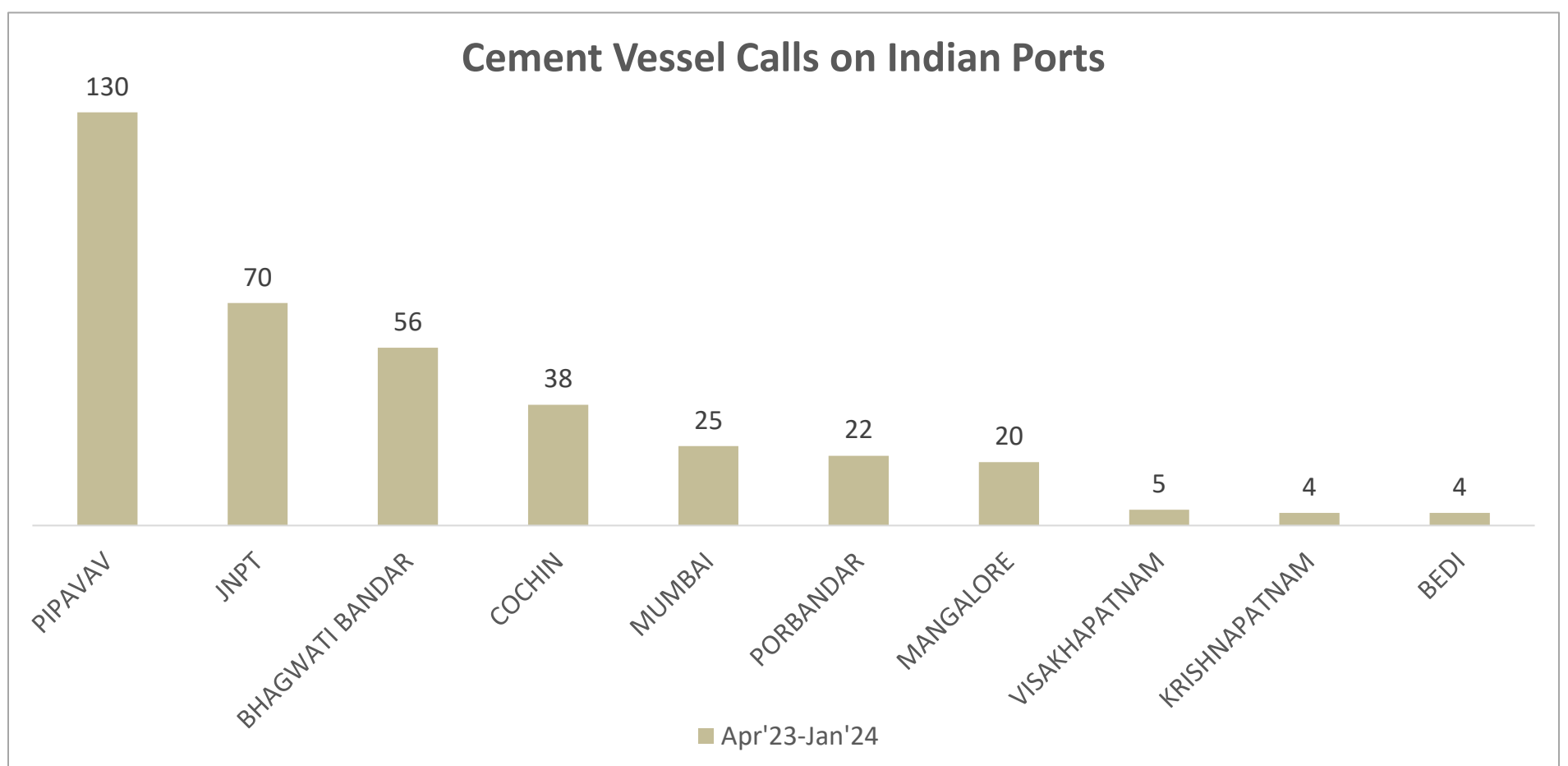
- Ultratech Cement turned out to be a major cement supplier to Sri Lanka, exporting 409500 MT of cement.

Cement Exports: Apr'23-Jan'24		
Exporters	Coastal	Sri Lanka
ULTRATECH CEMENT LTD.	2126000	409500
AMBUJA CEMENT LTD.	18000	
HARI & CO.	800	
PENNA CEMENT INDUS. LTD.	75000	
RAJ IMPORT AND EXPORT	27200	
ROCK SAND MINERALS PVT. LTD.	16100	
SAURASHTRA CEMENT LTD.	42200	
SS ROCK LTD.	42100	
Grand Total	2347400	409500

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'23-Jan'24 (Qty in Metric Tonnes)		
IMPORTERS	COASTAL	EXIM
ARCELOR MITTAL NIPPON STEEL INDIA LTD.	2201	
FAIRMACS SHIPPING & TRANSPORT SERVICES. PVT. LTD.	5794	
PENNA CEMENT INDUS. LTD.	25000	
SANGHI CEMENTS LTD.	5787	
ULTRATECH CEMENT LTD.	2243065	
ALIABAS MORADZADEH		50405
BEST TRUST GENERAL TRADING		123228
ALMA SCARPS INTERL FAZE		45300
OCEAN ENERGY GENERAL TRADING CO.		49200
OCEANIC COAL PTY LTD.		45000
JSW STEEL LTD.		103773
KALESHWARI AGRO OILS PVT. LTD.		55800
Grand Total	2100195	561404

- India's imports decreased by 12.08% in the period of Apr'23-Jan'24 at 3157726 MT as compared to the same period of the previous fiscal and also in Jan'24 by 14% at 231714 MT as compared to Jan'23.



MARKET ANALYSIS



CEMENT MARKET ANALYSIS FOR FEBRUARY 2024

CEMENT MARKET ANALYSIS

The India cement market is largest in the world, both in terms of production and consumption. The sector has witnessed steady growth over the years, driven by the increasing demand for housing, infrastructure development, and commercial projects. India has a substantial cement production capacity, with numerous cement plants located across the country. The production capacity has increased over the years to meet the growing demand for cement in various sectors.

Comprising a total of 210 large cement plants, India's cement landscape is concentrated in key regions, including Andhra Pradesh, Rajasthan, and Tamil Nadu, which account for 77 of these facilities. Southern India leads the pack, housing approximately 32% of the nation's cement production capacity, while the North, Central, West, and East regions contribute 20%, 13%, 15%, and 20% respectively.

According to the estimate of the National Council for Cement and Building Materials (NCCBM), India's cement industry is expected to add 80 million tonne capacity by 2025. Being the second largest cement producer in the world after China, India contributes over 8 per cent to the global installed capacity in cement production. India has potentially rich deposits of limestones in different regions of the country essentially required for cement production.



Growth in Construction Industry to Boost the India Cement Market growth



5.51 % CAGR
India Cement Market to grow at a CAGR of 5.51 % during 2024-2030

India Cement Market

Region-wise Production Capacity



India Cement Market Size



Production and Consumption of Cement in India ('000 million tonnes)





MARKET HIGHLIGHTS

- **Global Cement industry looks forward to sustainable progress in 2024**
- **NCLT admits Vadraj Cement for insolvency process**
- **Cement industry to add 150-160 million tonnes capacity by FY28**

Global Cement industry looks forward to sustainable progress in 2024

- *As we enter a new year, all eyes are on what the future holds for the cement industry following a mixed performance in 2023 that saw many key markets underperform.*

Global cement demand fell by 1.2 per cent in 2023 to 4025Mt, following a 5.1 per cent decline in 2022, according to The Global Cement Report, 15th Edition (GCR15). Of course, China continues to dominate, having consumed 2119Mt in 2022, accounting for 52 per cent of demand. However, demand here has now plateaued, according to GCR15, which reports a 10.4 per cent decline in 2022, followed by further falls of 4.1 and 1.5 per cent in 2023 and 2024, respectively, driven by the country's ongoing real estate crisis. Putting China to one side, global cement demand growth has cooled substantially following the exceptional pandemic era expansion of 8.7 per cent in 2021, slowing to 1.4 and 1.9 per cent in 2022 and 2023, respectively. India, the second-largest consumer with 387.335Mt in 2022, expanded by 8.1 per cent in 2023, fuelled by urbanisation and industrialisation trends that will continue to support both consumption and a high pace of capacity expansion for the foreseeable future. Demand in the US, the world's third-largest consumer, weakened by an estimated 2.7 per cent in 2023 to 108Mt, as interest rates posed a challenge for homebuilders and homebuyers alike. However, a modest rebound and return to growth is forecast for 2024. The substantial global capacity surplus remains a key issue for the cement industry. For countries like China, which is now scaling down its industry, state-sponsored capacity rationalisation is anticipated to accelerate in the coming year. Elsewhere, capacity surpluses will drive trade activity where feasible. The global trade in cement and clinker advanced from 176Mt in 2012 to 226Mt by 2022, equivalent to 5.5 per cent of global consumption, according to GCR15. In 2023 worldwide cement and clinker exports were dominated by Vietnam, Turkey and Iran. Meanwhile, cement and clinker imports were led by the USA, Bangladesh and The Philippines. Trade volumes are forecast to remain elevated at an estimated 225.9Mt in 2024. Wherever you are in the world, sustainability will be a key theme in 2024, a year in which the world's first industrial scale cement carbon capture project is due to come on-stream at Heidelberg Materials' Brevik plant in Norway. Furthermore, the pipeline for innovative decarbonisation projects, covering every aspect of cement and concrete production, continues to expand at an astonishing pace. ICR looks forward to sharing the most promising examples with you throughout the year.

Source: International Cement review

NCLT admits Vadraj Cement for insolvency process

- *Vadraj Cement, previously known as ABG Cement, has been shifted from the Bombay High Court to the National Company Law Tribunal (NCLT) for debt resolution. The NCLT order allows lenders to potentially recover more than half of their dues. Adani Group, UltraTech Cement, and JSW Cement may bid to acquire the debt-laden compan*

Vadraj Cement, which was stuck in liquidation for more than five years under the Bombay High Court, has been shifted to the National Company Law Tribunal (NCLT) for debt resolution, giving lenders a glimmer of hope to recover more than half of their dues. NCLT pronounced an order to admit Vadraj Cement, formerly known as ABG Cement, for corporate insolvency process. Adani Group, UltraTech Cement and JSW Cement may bid to acquire the debt-laden company, lenders said. The Bombay High Court ordered winding up of the company on August 23, 2018, in a matter pertaining to Beumer Technology versus Vadraj Cement. The high court recalled the winding up order following a plea by JC Flowers Asset Reconstruction Company (ARC) on August 18, 2023. EY-backed Pulkit Gupt was appointed by the NCLT as the interim resolution professional. The tribunal also directed Chandan Kumar, the official liquidator, to hand over possession and custody of all the assets of Vadraj Cement to the IRP and extend cooperation to him. Vadraj Cement was a subsidiary of ABG Shipyard. Rishi Agarwal promoted AGB Shipyard itself underwent a corporate insolvency process, failed to attract bidders and its assets were eventually sold to Welspun Group and Arcelor Mittal under liquidation. ABG Shipyard is accused of bank fraud, and investigative agencies alleged that Agarwal diverted bank loans to overseas tax havens. The Enforcement Directorate had attached ₹952 crore worth of assets of Vadraj Cement under the Prevention of Money Laundering Act. The NCLT order showed that the official liquidator (OL) had objected to admitting the company for debt resolution under the Insolvency and Bankruptcy Code process.

Source: Economic Times

Cement industry to add 150-160 million tonnes capacity by FY28

- The Indian cement industry is set to add 150-160 million tonnes of capacity from fiscal year 2025 to fiscal year 2028, as it aims to meet rising demand from the infrastructure and housing sectors, according to a report by Crisil Ratings. In the past five fiscal years, the industry has added 119 million tonnes per annum, reaching a total of 595 million tonnes.*

To cash in on rising demand from infrastructure and housing sectors, the cement industry is on course to add capacity by 150-160 million tonnes from FY25 to FY28, a report said on Tuesday. In the past five fiscals, the industry has added capacity by 119 million tonnes (MT) per annum to reach a total of 595 MT now, according to a Crisil Ratings report. The capacity addition is for the purpose of meeting the rising demand as well as to consolidate market share in a highly fragmented and competitive industry, the report added. Cement demand grew 8 per cent in fiscal 2022 and 12 per cent in FY23. As much as 70-75 MT capacity addition is expected to be commissioned in next fiscal, with 50-55 per cent concentrated in the eastern and central regions. Large players will account for 50-55 per cent of the planned capacity addition, the report said, adding, however, incremental supply and stiffer competition will cap price growth but benign cost will protect and aid margins. Robust demand in the past two fiscals has bolstered the balance sheets of large cement players and some mid-sized ones with strong market presence, prompting them to expand capacity on the back of healthy cash accrual and credit profile. This fiscal, demand is projected to grow 10-12 per cent, driven by the government push to affordable housing and pre-election spending on infrastructure. That said, incremental supply and heightened competition will limit price growth to 0-1 per cent, maintaining prices at Rs 390-395 per 50-kg bag, and keep utilisation at 70-75 per cent. Next fiscal, the demand growth is expected to moderate to 4-6 per cent on a high base of the previous three fiscals. Also, rising raw material cost and a flat base will lead to an uptick of 1-3 per cent in prices to Rs 400-405 per 50-kg bag, it said. According to Miren Lodha, a director with the agency, cement prices inched down 1 per cent during the first three quarters of the current fiscal, marking a trend reversal after four years of growth between fiscals 2020 and 2023 when it grew at compound annual growth rate of 4 per cent. With capacity increasing by 35-40 MT this fiscal, the highest in more than a decade, and acquired capacities being ramped up, a significant increase in supply will test market discipline and restrict the increase in prices to only 0-1 per cent, he warned. According to Sehul Bhatt, an associate director at the agency, softening of power, fuel and freight charges, which account for 50 per cent of the total production cost, has provided a breather to manufacturers amid steady realisations. Hence, lower cost, steady prices and healthy volume will expand the operating margins by 300-350 basis points to 16.5-18.5 per cent this fiscal. The rebound in profitability comes after a contraction of 620 basis points last fiscal due to higher petcoke and coal prices.

Source: Economic Times

REPORTS FOR FEBRUARY 2024

J. M. BAXI. & CO. Monthly Agri Products Update

J. M. BAXI. & CO. Monthly Automotive Industry Update

J. M. BAXI. & CO. Monthly Cement Update

J. M. BAXI. & CO. Monthly Chemical Update

J. M. BAXI. & CO. Monthly Coal and Coke Update

J. M. BAXI. & CO. Monthly Container Update

J. M. BAXI. & CO. Monthly Cruise Shipping Update

J. M. BAXI. & CO. Monthly Veg Oil Update

J. M. BAXI. & CO. Monthly Fertilizer Update

J. M. BAXI. & CO. Monthly LNG & LPG Update

J. M. BAXI. & CO. Monthly Mineral and Metal Update

J. M. BAXI. & CO. Monthly Oil and Petroleum Update

J. M. BAXI. & CO. Monthly Port Update

J. M. BAXI. & CO. Monthly Project Cargo Update

J. M. BAXI. & CO. Monthly Seafarer Insight Update

J. M. BAXI. & CO. Monthly Steel Update

Research & Analysis Desk:

J. M. BAXI & CO.,

Godrej Coliseum, Office No. 801, 8th floor, "C" wing, Behind Everard Nagar,
Off. Somaiya Road, Sion. Mumbai - 400022 INDIA.

T: 022 61077100 Ext 161/145, | M: 091-7506004224 / 7045659111
E: shwetalk@jmbaxi.com | W: www.jmbaxico.com