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MONTHLY REPORT - APRIL 2021

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Cement Update

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# PORT ANALYSIS



## Cement Traffic At Indian Ports

(Qty in Millions Tonnes)

**CEMENT TRAFFIC AT INDIAN PORTS  
QTY IN MILLION TONNES**

Port Name	Apr - Feb 2020-21	Apr- Feb 2019-20	Variance Y-o-Y
BEDI	0.190	0.000	0.190
CHENNAI	0.005	0.008	-0.003
DHAMRA	0.000	0.333	-0.333
COCHIN	1.216	1.162	0.054
DHARAMTAR	0.225	0.290	-0.065
GANGAVARAM	0.000	0.209	-0.209
GOPALPUR	0.075	0.100	-0.025
HALDIA	0.235	0.584	-0.350
HAZIRA	0.032	0.000	0.032
JNPT	0.762	0.928	-0.167
KAKINADA	0.237	0.276	-0.039
KANDLA	0.008	0.000	0.008
KARAIKAL	0.072	0.202	-0.130
KRISHNAPATNAM	0.875	0.698	0.177
MAGDALLA	0.055	0.000	0.055
MANGALORE	0.345	0.240	0.105
MULDWARKA	0.000	0.018	-0.018
MUMBAI	0.074	0.041	0.033
PARADIP	0.105	0.000	0.105
PIPAVAV	2.468	2.538	-0.070
PORBANDAR	0.107	0.122	-0.015
PORT BLAIR	0.001	0.023	-0.022
TUTICORIN	0.170	0.103	0.067
<b>Grand Total</b>	<b>7.257</b>	<b>7.904</b>	<b>-0.647</b>

CEMENT IMPORTS - MARCH 2021 QTY IN MILLION TONNES						
IMPORTERS	COASTAL	IRAN	OMAN	SRI LANKA	U.A.E.	U.A.E.
ALLIANCE PEROLEUMS PVT. LTD.	0.000	0.052	0.000	0.000	0.000	0.000
AMBUJA CEMENT LTD.	0.040	0.000	0.000	0.000	0.000	0.021
FAIRMAX SHIPPING TRANSPORT SER.	0.006	0.000	0.000	0.000	0.000	0.000
HATHI CEMENT LTD.	0.002	0.000	0.000	0.000	0.000	0.000
OCEAN TRADE MINERAL PVT. LTD.	0.000	0.105	0.000	0.000	0.000	0.000
PENNA CEMENT INDUS. LTD.	0.025	0.000	0.000	0.000	0.000	0.057
REC GLOBAL	0.000	0.000	0.000	0.000	0.006	0.000
RM TRADEX	0.000	0.000	0.026	0.000	0.000	0.000
SANGHI CEMENTS LTD.	0.007	0.000	0.000	0.000	0.000	0.000
SANGHI INDUS. LTD.	0.004	0.000	0.000	0.000	0.000	0.000
SINGHA CEMENTS PVT. LTD.	0.000	0.000	0.000	0.011	0.000	0.000
ULTRATECH CEMENT LTD.	0.219	0.000	0.000	0.000	0.000	0.000

CEMENT EXPORTS - MARCH 2021 QTY IN MILLION TONNES			
EXPORTERS	BANGLADESH	COASTAL	SRI LANKA
AMBUJA CEMENT LTD.	0.000	0.018	0.000
FAIRMAX LTD.	0.013	0.000	0.000
PENNA CEMENT INDUS. LTD.	0.000	0.050	0.053
SAURASHTRA CEMENT LTD.	0.000	0.006	0.000
ULTRATECH CEMENT LTD.	0.000	0.205	0.082
ZUARI CEMENTS LTD.	0.000	0.011	0.000

# Market Outlook and Trends



Cement Raw Material (CRM) includes Limestone, Gypsum, Clinker

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.



# HIGHLIGHTS

- Cement sector expected to grow over ten percent in 2021, says ACC Limited
- Ambuja Cement's Strategic Plan On Track To Expand Capacity To Reach 50 MTPA
- Cement production falls 5.5% in February
- Cement companies eye further price hikes, as demand outlook improves
- DCB begins ops at 2nd cement unit in Bengal
- Shree Cement's new cement grinding unit in Odisha commences commercial production

# Cement sector expected to grow over ten percent in 2021, says ACC Limited



- The government's spending on big infrastructure projects and affordable housing schemes such as Pradhan Mantri Awas Yojana (PMAY) with enhanced budgetary allocations would be "primary drivers of growth" for the cement industry

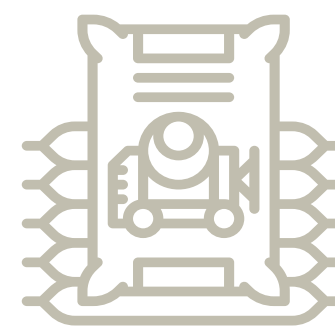
The domestic cement industry is likely to witness a growth rate of over 10 per cent in 2021 on account of demand revival, according to NSE -0.19 % . The government's spending on big infrastructure projects and affordable housing schemes such as Pradhan Mantri Awas Yojana (PMAY) with enhanced budgetary allocations would be "primary drivers of growth" for the cement industry, it said. The cement industry had witnessed a de-growth of 10-12 per cent due to the Covid-related disruptions. "The outlook for the cement sector in 2021 is robust, with growth estimated at more than 10 per cent Y-o-Y over that in 2020," ACC said in its latest annual report. The demand revival is likely to be led by the north, east and central regions, it said. "The primary drivers of growth will be infrastructure and affordable housing. Highways and roads, metro rail projects and dedicated freight corridors are expected to see increased levels of activity with sharply higher budgetary allocations in the next year," it added. The continued focus on affordable housing will also ensure healthy demand for cement in the coming year, said ACC, which is owned by Swiss building materials company LafargeHolcim. While talking about the company, ACC said in the retail segment, individual home builders and ground plus three-storey buildings

continue to remain its largest customer segment in terms of volume and profitability. "With growing urbanisation and rural empowerment, the demand from these sectors is expected to accelerate," said ACC in its Integrated Annual Report for the Financial Year ended December 31, 2020. In 2020, ACC's sales volume in cement sales de-grew by 11.6 per cent from 28.89 million tonnes in 2019 to 25.53 million tonnes. The company, which follows the January-December financial year cycle, had reported net sales of Rs 13,487 crore in 2020. ACC has an installed capacity of 33.05 million tonnes per annum (MTPA) and operates 17 cement plants and 9 captive power plants. "Lockdown-led demand disruption was the highest in the second quarter of 2020 on the back of suspension of production, stalled construction activities and a mass exodus of labour," it said. However, starting early June, the pent-up and pre-monsoon construction requirement cushioned demand de-growth to a large extent. According to ACC, rural demand continues to be the silver lining for cement consumption while that from the infrastructure sector was in a slower lane. This was led by agricultural profitability and Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). "Infrastructure demand witnessed gradual pick-up from September onwards on the back of improving government spending, coupled with gradual normalisation in labour availability," it added. Moreover, the pandemic has led to slow down and delay in capacity expansion projects of the cement industry. India is the world's second-largest cement producer with a cumulative production capacity of 540 MTPA in 2020, it said.

Source: Economic Times



# Ambuja Cement's Strategic Plan On Track To Expand Capacity To Reach 50 MTPA



- Ambuja has launched its special product, 'Ambuja Kawach', which is a sustainable water-repellent cement and reduces carbon footprint by 33%, in comparison to other products.

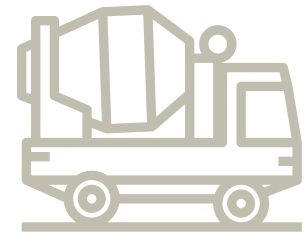
Ambuja Cements Ltd holds its 38th Annual General Meeting virtually Mumbai, Maharashtra, India – Business Wire India The 38th Annual General Meeting of Ambuja Cements Ltd. was conducted virtually today. Mr. Martin Kriegner, Non-Executive Director of the Company, chaired the meeting. The Chairman mentioned that Ambuja Cement is strongly progressing to become the 'Most Innovative, Sustainable and Competitive Building Solutions Company in India'. Ambuja Cement has a robust road map to become the best in the industry with strategic priorities structured under key levers of Growth, Competitiveness, Innovation & Digitalisation, and Sustainability.

In 2020, Ambuja reduced its Specific net CO<sub>2</sub> per tonne of cementitious product to 531 kg. A unique initiative in pipeline is the construction of WHRS in three locations by 2022 that would generate 54 MW to support power requirements in its plants. On circular economy, Ambuja co-processed around 4.5 lakhs tonnes of waste in its kilns including 83,000 tonnes of plastic waste. In addition, it consumed about 8 million tonnes of waste derived alternative raw materials such as fly ash, slag, synthetic gypsum in the manufacturing process. Ambuja is at the forefront in India in offering sustainable, long-term waste management solutions through 'Geocycle', its waste management arm. In 2020, Ambuja has been 8 times water positive and

reached out to 15.6 lakhs beneficiaries, through its CSR programs. Across all its 20 locations, Ambuja reported zero fatality. It ranked 5th in the Global Dow Jones Sustainability Index, a very significant global recognition. Comments of Mr. Martin Kriegner, Chairman of the 38th AGM: "I would like to congratulate all the employees of Ambuja for their resilience and commitment to deliver a remarkable performance in 2020. On behalf of the Board of Directors, I express my sincere appreciation for the efforts and hard work from employees at all levels and wish them the very best for year 2021. I take this opportunity to thank all our shareholders for their trust." AGM proceedings: Mr. Martin Kriegner and other members of the Board of Directors, and the shareholders joined the meeting via video conference. Ambuja Cements Ltd., a part of the global conglomerate LafargeHolcim, is among the leading cement companies in India. Ambuja Cement has a cement capacity of 29.65 million tonnes with five integrated cement manufacturing plants and eight cement grinding units across the country. Ambuja Cement has provided hassle-free, home-building solutions with its unique sustainable development projects and environment-friendly practices since it started operations. The Company has many firsts to its credit – a captive port with four terminals that has facilitated timely, cost-effective, cleaner shipments of bulk cement to its customers. To further add value to customers, the Company has launched innovative products like Ambuja Plus, Ambuja Cool Walls, Ambuja Compocem and Ambuja Kawach. These products not only fulfil important customer needs but also help in significantly reducing carbon footprints.

Source: Business World

# Cement production falls 5.5% in February



- Cement manufacturers had cut down or deferred capital expenditure given the fall in demand and also as companies looked to conserve their capital/cash flows but lately many of the players have been announcing expansion of capex guidance plans

Slow pick-up in infrastructure projects and waning pent-up demand has led to a drop in production of cement in the country. During February, production fell by 5.5% compared with 5.8% decline in January 2021 and 7.8% increase in February 2020. Usually cement production is high during Q4 as construction activities are at its peak. “Cumulatively domestic cement production has fallen by 15.5% during 11M-FY21 compared with the 13% growth and 1.8% growth achieved during 11M-FY19 and 11M-FY20. Outbreak of the COVID-19 pandemic in the Indian sub-continent which forced the government to announce a nation-wide lockdown, 25th March 2020 onwards which had majorly affected the cumulative domestic cement production. The nationwide lockdown had come at the time when construction activities are at its peak,” said Care Ratings in a release. Capacity utilisation of domestic manufacturers has been around 52.4% during 11 months of FY21 as units have been operating at sub-par capacities along with

staggered shifts, but it has been improving from 45% during first half of FY21, 49.5% during nine months to FY21 and 51.2% during 10 months to FY21. Cement manufacturers had cut down or deferred capital expenditure given the fall in demand and also as companies looked to conserve their capital/cash flows but lately many of the players have been announcing expansion of capex guidance plans. Cement demand is closely linked to the overall economic growth, particularly of the housing and infrastructure sector. Increasing demand from affordable housing and construction work for other government infrastructure projects like roads, metros, airports, irrigation etc. are demand drivers which support cement demand. Amid the pandemic, cement consumption is growing in the rural, semi-urban and retail markets. Over the months, cement demand is being driven by rural India due to better labour availability; there has been an increase in construction of rural infrastructure and low-cost housing. Rural demand is usually with regard to the retail market largely which is the housing and repair and modification market). Now as the economy has unlocked, there has been a steady pick up in housing and government infrastructure projects which has resulted in reviving demand across our markets even in urban India.

Source: Livemint

# Cement companies eye further price hikes, as demand outlook improves



- With prospects of rising demand, cement firms are likely to announce a price hike of at least ₹10 per bag.

Cement companies are likely to exit fiscal year 2021 with better-than-expected volume growth. Aided by pent-up demand and a favourable base, analysts see cement manufacturers posting double-digit volume growth in the March quarter. In fact, according to the estimates of ICICI Securities Ltd, the industry is likely to post the highest ever quarterly volumes of around 105 million tonnes with 20-22% year-on-year (y-o-y) growth. However, investors should note that volume growth, particularly in the March quarter, is also helped by cement firms' push to meet year-end sales targets by reducing prices. Nonetheless, the sector's demand outlook seems to be bright for fiscal 2022. Research house Macquarie Capital foresees 13% demand growth in FY22, thanks to the government's infrastructure focus, healthy rural demand and a potential recovery in urban housing demand. "Against this backdrop, we expect our covered companies to deliver superior 14-24% growth," it said in a report on 30 March. With the prospects of rising demand and ongoing input cost inflation, cement companies are likely to announce another price hike of at least 10 per bag. One cement bag weighs 50kg. The latest dealers channel check by

Elara Securities (India) Pvt. Ltd shows that after a price hike of ₹10-16/bag in the March quarter, cement companies may take another increase in April. "Cement firms attempted price hikes of ₹5-35 per bag across pockets in early March, and prices over the month have been stable in most markets despite year-end pressure. As per market intermediaries of South India, Maharashtra, Delhi, Rajasthan, Bihar, Madhya Pradesh, Uttar Pradesh and West Bengal, cement firms may attempt a price hike in the range of ₹10-30 per bag in April," said the domestic brokerage house in a report on 29 March. A recent concern for investors in cement stocks has been the rising cost of input materials such as petroleum coke, coal and diesel. With low-cost inventory of raw materials about to exhaust for many cement makers, the Street is worried about compression in operating margins. However, analysts point out that historically, cement companies have passed on the burden of increased costs to consumers to defend margins. "Given the 15% sequential rise in petroleum coke prices and a sharp spike in freight cost, a 0.5% rise in average realizations is not enough to absorb the increase in operating expenditure. Also, companies intend to pass on the recent increase in transportation costs. So most dealers have cited that prices are to be increased by ₹10-20/bag beginning from April," said Binod Modi, head of strategy at Reliance Securities Ltd.

Source: Business World

# DCB begins ops at 2nd cement unit in Bengal



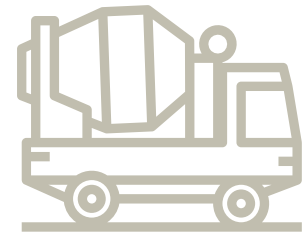
- With this addition, the company's overall capacity at the Midnapore plant has now gone to 4 MTPA per annum

The largest cement factory in Bengal of Dalmia Cement Bharat (DCB) kick-starts production of its second unit. It has announced the commencement of commercial production of Line 2, having a capacity of 2.25 million tonne per annum (MTPA), at its Bengal Cement Works (BCW) unit in Midnapore. With this addition, the company's overall capacity at the Midnapore plant has now gone to 4 MTPA per annum, making it the largest cement plant in the state. "This development is in line with the company's commitment towards fostering sustainable growth while also creating job opportunities in the region," it said. The cement maker said post the lockdown-led demand disruption, the

cement sector has been continuously witnessing buoyancy across the country. This is largely led by a revival in demand from the infrastructure and urban housing sectors along with the demand from individual home builders and the government's rural housing schemes, especially from East and Central regions. Hence, the onset of commercial production at the BCW Unit will be catering to the growing demand from the Eastern and North-eastern states of the country. Speaking on the development, Ujjwal Batria, COO, Dalmia Cement (Bharat), said, "With the beginning of commercial production, we are confident that we will further provide impetus to construction in the region and cater to the strong demand for cement from both rural and urban centres. This addition will also play a crucial role to ensure sufficient and timely supplies thereby adding to efficiencies of the supply chain.

Source: Livemint

# Shree Cement's new cement grinding unit in Odisha commences commercial production



- The company has commenced commercial production at its new cement grinding unit having capacity of 3.0 MTPA set-up at Athagarh Tehsil in Cuttack District of Odisha, Shree Cement said.

commercial production. The company has commenced commercial production at its new cement grinding unit having capacity of 3.0 MTPA set-up at Athagarh Tehsil in Cuttack District of Odisha, Shree Cement said.

Source: Economic Times

Shree Cement said its new cement grinding unit in Odisha with a manufacturing capacity of 3 million tonnes per annum (mtpa) has commenced



## Reports for April 2021

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