

MONTHLY REPORT - NOVEMBER 2021

Cement Update

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PORT ANALYSIS



Cement Traffic At Indian Ports

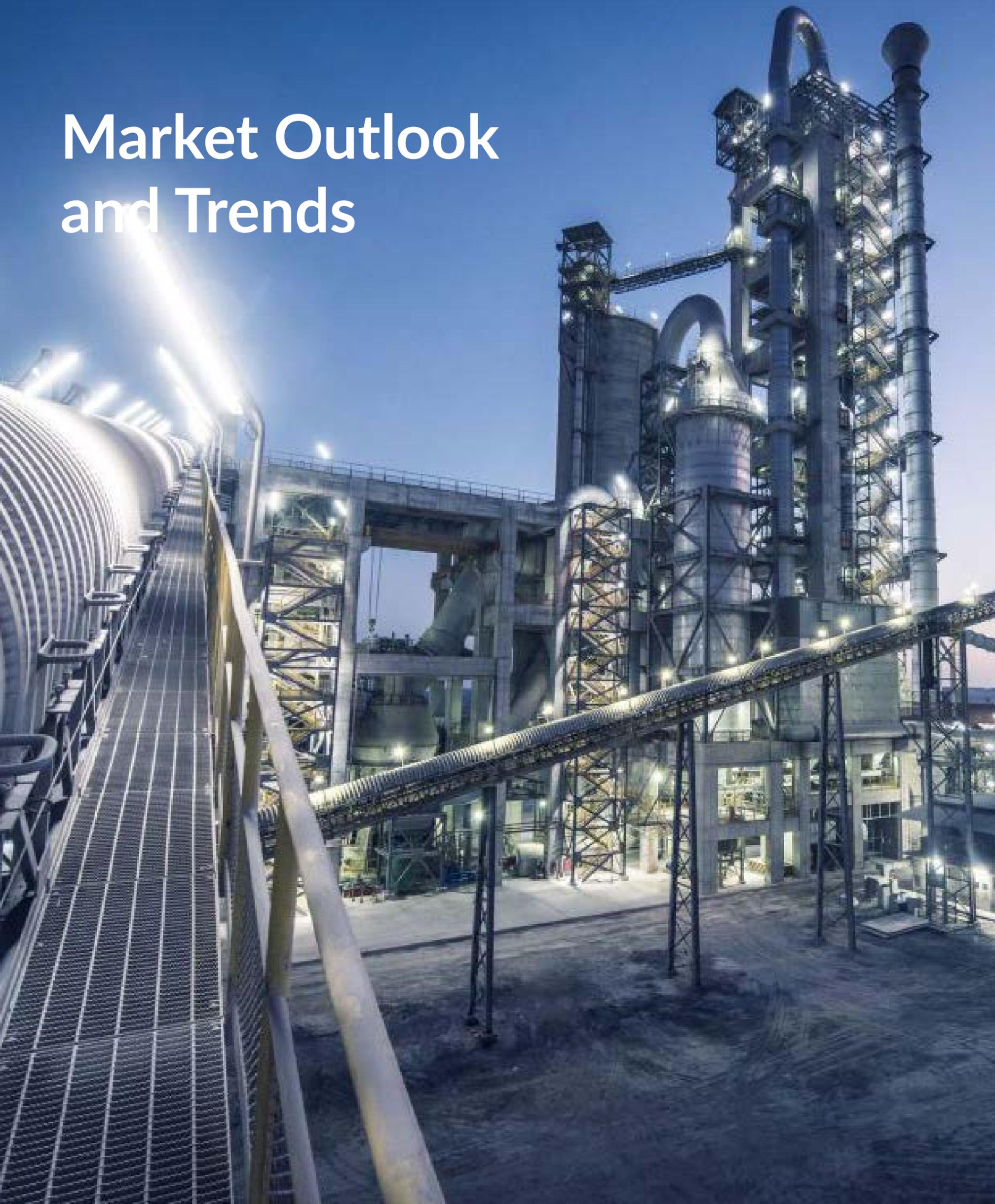
(Qty in Metrics Tonnes)

CEMENT TRAFFIC AT INDIAN PORTS QTY IN METRIC TONNES			
Port Name	Apr - Sep 21	Apr- Sep 20	Variance Y-o-Y
ANGRE	0.011	0.000	0.011
BEDI	0.074	0.048	0.027
CHENNAI	0.002	0.000	0.002
COCHIN	0.514	0.526	-0.012
DHARAMTAR	0.227	0.057	0.169
GOPALPUR	0.100	0.025	0.075
JNPT	0.317	0.232	0.084
KAKINADA	0.006	0.213	-0.207
KANDLA	0.040	0.008	0.032
KRISHNAPATNAM	0.731	0.414	0.317
MANGALORE	0.150	0.165	-0.015
MUMBAI	0.018	0.013	0.005
MUNDRA	0.140	0.000	0.140
PARADIP	0.131	0.000	0.131
PIPAVAV	0.618	1.114	-0.496
PORBANDAR	0.021	0.022	-0.001
PORT BLAIR	0.013	0.000	0.013
TUTICORIN	0.000	0.072	-0.072
Grand Total	3.114	3.072	0.042

CEMENT IMPORTS - OCTOBER 2021 QTY IN METRIC TONNES			
IMPORTERS	COASTAL	OMAN	TOTAL
AMBUJA CEMENT LTD.	0.037	0.000	0.037
PENNA CEMENT INDUS. LTD.	0.025	0.000	0.025
SANGHI CEMENTS LTD.	0.007	0.000	0.007
ULTRATECH CEMENT LTD.	0.067	0.000	0.067
VASUKI MINING & MINERALS PVT. LTD.	0.000	0.046	0.046
TOTAL	0.136	0.046	0.230

CEMENT EXPORTS - OCTOBER 2021 QTY IN METRIC TONNES			
EXPORTERS	COASTAL	SRI LANKA	TOTAL
PENNA CEMENT INDUS. LTD.	0.025	0.035	0.06
SAURASHTRA CEMENT LTD.	0.0025	0	0.0025
ULTRATECH CEMENT LTD.	0.0825	0.033	0.1155
TOTAL	0.11	0.068	0.178

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 price will rise as cost of coal is up, says India Cements
- Dalmia Cement to set up Rs 577 crore plant in Bokaro

Cement price will rise as cost of coal is up, says India Cements



- “The rise in cost (of coal) has taken place.... the price of coal we were getting was about USD 70-80 per tonne and went up to USD 105; and from there it went to USD 135. Now, it is USD 250 per tonne,” said vice-chairman and managing director of the cement-making company N Srinivasan.

The India Cements Ltd on Wednesday said price of cement would increase as every cement factory faces “pressure on cost” and the industry was suffering from the huge impact of rise in coal price. “The rise in cost (of coal) has taken place.... the price of coal we were getting was about USD 70-80 per tonne and went up to USD 105; and from there it went to USD 135. Now, it is USD 250 per tonne,” said vice-chairman and managing director of the cement-making company N Srinivasan. Elaborating on this, he said the company was prudent as it has coal of about four lakh tonne which can produce 27 lakh tonne of cement clinkers. “We have four months of stock, but beyond that we are looking at the higher costs of coal. This will apply to everybody (every cement-maker) not only us (The India Cements),”

Srinivasan, also managing director of the company, told reporters. Noting that the rise in cost of coal affects cost of power generation and cost of fuel at the kilns, he said. “If you take cement industry, some people have got one week’s stock, (but) we have got four months’ stock. Companies that are well stocked can rely upon steady production in the coming months,” he said. “But today, if you step out to buy coal, it will really impact (your) cost of production. It is my estimate that already prices of cement have moved up, the increase in cost of production can be passed on (to customers) by a prudent manufacturer,” he said. To a query on whether he would foresee pressure from the governments to increase cement prices, he said, “TANCEM (State-owned Tamil Nadu Cement Corporation) has increased the price and all I know that TANCEM has recognised the increase in costs, and has increased the price.” To another query, he said, “I am surviving because I have coal which have been bought at lower cost. When it sells USD 250 coal, I will have to increase the price by Rs 30-Rs 40 a bag easily”, he said.



Dalmia Cement to set up Rs 577 crore plant in Bokaro



- Dalmia Cement will set up a 2 million tonne plant at Jharkhand's Bokaro at an estimated cost of Rs 577 crore, the Jharkhand government said. The work on the project will commence in November and the 2 million tonne plant is scheduled to be completed in a year's span, the statement added.

It has drawn up ambitious growth plans including expansion of manufacturing base, adding new products and entering into new markets, according to the latest annual report of JK Lakshmi Cement Ltd. The company expects "significant change" in construction technologies and practices, which in turn will bring exponential growth of demand for ready-to-use value-added construction products. "Continuing with this optimistic finale to the year gone by, your company shall selectively invest in augmenting the existing capacities in Northern and Western parts of the markets in next few years to enhance market share," Singhania said. However, the company did not mention the amount which it plans to invest. The combined capacity of JK Lakshmi Cement stands at 13.3 Million Metric Tonnes per Annum (MTPA). The company has been recently awarded two limestone mining blocks – one in Central Rajasthan and another in Coastal Gujarat through e-bidding. "... each of these can support at least 5 Million MTPA cement capacity for 40 – 50 years. In coming years your company will invest to make progress in the operationalisation of these new mining blocks,

which shall not only add to competitiveness in existing markets but also help in opening new markets also," Singhania added. While talking about the financial year gone by, he said FY21 presented two pictures that are in sharp contrast. "If the cement demand was just above 4 million MT in April 2020 (lowest of cement demand in any month in more than a decade); it was slightly below 33 million MT in March 2021 (second highest of cement demand in any month in the history). While the first reflects a complete economic downhill; the latter is a blossoming hope full of promises," Singhania added. In FY 21, despite all odds, JK Lakshmi Cement's volumes grew by 8 per cent and Profit After Tax increased by over 55 per cent. Its turnover in FY21 was at Rs 4,459 crore. JK Lakshmi Cement Vice Chairman & Managing Director Vinita Singhania said: "We are optimistic and are already seeing some early signs of recovery of the economy, from the COVID pandemic. With the gradual easing of lockdown restrictions by state governments, it is hoped that we will soon reach a normalcy stage." "The government's continuous emphasis on affordable housing and infrastructure augurs well for the economy in general and the cement industry in particular. According to the company, once the storm caused by the pandemic settles down, the cement industry shall witness a "prolonged phase of stable demand growth" of about 5 to 6 per cent per annum, though the momentum lost during COVID may still take some time to fully recover.



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