

The Back Bone of Indian Infrastructure

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Abstract: The main objective of this paper is to evaluate the consumption & investment and the market size of the cement industries in India. They play an important role in the growth of India. In India, there are 69 industries producing cement. In this, the studies of top 5 companies are done, their market size, their investment is studied. The major part of the cement is consumed by the housing sector i.e. 64%, 17% consumed by infrastructure, 13% by commercial and only 6% is consumed by industrial sector.

Index Terms: Cement industries, market size, consumption, investments

I. INTRODUCTION

Cement Company plays a major role in the growth of nation. The demand and supply of cement in India has grown up in a fast developing economy. There is always large possibility of expansion of Cement Industries.

The history of the cement industry in India dates back to the 1889 when a Kolkata based company started manufacturing cement from 'Argillaceous'. But industry started getting the organized shape in the early 1900 so on 1914. India Cement Company Ltd. was established in Porbandar with a capacity of 10000 tonnes and production of 1000 tonnes installed.

Cement is one of the core industries and plays a vital role in the growth and development of a nation. The cement industry of India is the second largest producer in the world. The production of cement has increased at a compound annual growth rate (CAGR) of 9.7% to reach 272 million tonnes. During FY 06-13. The production capacity is expected to grow in 500 MT by FY 20.

India's potential in infrastructure is huge. The country is expected to become the world's third largest construction market by 2025, adding 11.5 million home a year to become a US\$ 1 trillion a year market, according to a study by a Global construction Perspectives and oxford Economics.

Notwithstanding its current position as one of the leaders in cement production. India riches in the sector remain somewhat untapped. 'Lafarge's India business has been very successful and the country is among the top 10 markets globally for Lafarge. But going forward, We should rank higher because of the potential of the Indian market says Mr. Martin Kriegner, CEO of the Indian branch of the World's largest cement manufacturer 'Lafarge'.

II. OBJECTIVE

An attempt was made in the present study

- To evaluate the consumption & investment of cement industries in India.
- To analyse the maximum consumption of cement industries in India in different sectors.

III. REVIEW OF LITERATURE

In 2013, Prof. Acharekar studied the various factor affecting the working capital requirement in cement industry. To assess the relative significance of various sources of working capital. To analyse relative asset liquidity and finance liquidity in cement industry.

In 2013, Dr. P. Krishna Kumar, investigate the progress of Indian cement industry since 1991, in terms of its growth in installed capacity, production, exports and value additions. In detail the research methodology used for the study that has focused on the past, present and future performance of cement industry at the Macro Level.

In 2009, Bhayani & Sanjay an attempt has been made to identify which variable are judging the profitability of Indian Cement Industry. The study covers the all listed cement firms working in India for the period of 2001 to 2008.

IV. MARKET SIZE

India is among the best cement markets in Asia, according to Switzerland based cement major Holcim. The company operates in India through group companies ACC & Ambuja Cements.

The Indian cement sector is expected to witness positive growth in coming years, with demand set to increase at a CAGR of more than 8% during 2013-14 to 2015-16. According to the latest RNCOS report titled “Indian Cement Industry Outlook 2013”. The report further observed after analysing the regional trend of cement consumption that the southern region is creating maximum demand, which is expected to increase in future

V. INVESTMENT

The cement industry has been expanding on the back of increasing infrastructure activities and demand from the housing sector over the past many years. According to data released by the Department of industrial polity and promotion cement and gypsum products attracted foreign direct investment (FDI) worth Rs. 13,370.32 crores (US \$ 2.24 billion) between April 2000 and Feb. 2014.

Some of the major Investments and developments in the Indian Cement Industry are as follow:

- Ambuja Cement part of Holcim Group, plans to invest Rs. 802 crores (US \$ 134.39 million) in 2014 in various ongoing projects. The company has proposed to fund the entire capex through internal accruals as per Ambuja Cement annual report.
- Prism cement Ltd. has become the first Indian company to get the quality Council of India's (QCI) certification for its ready-mix concrete plant in Kochi, Kerala. The company received the certification from Institute for Certification & Quality Management(ICQM) a leading Italian Certification body authorised to oversee QCI compliance.
- After commissioning its first waste heat recovery plant at Gegal in Himachal Pradesh. ACC plans to replicate the success at its cement plants in Wadi (Karnataka), Jamul (Chattisgarh) Kymore (M.P.) and Chanda (Maharashtra) with an investment of about 360 crore (US \$ 60.32)
- Ultratech cement Ltd. India's biggest maker of cement plans to buy the Local assets of Holcim Ltd. & Lafarge SA.
- ACC plans to invest Rs. 3000 Crore (US \$501.16 million) in a capacity upgrade and expansion project at its Jamul plant in Chattisgarh and its grinding unit in Jharkhand.
- Ultratech Cement 2550.05 crores, an Aditya Birla Group company has acquired 4.8 million tonne per annum
- Gujrat unit of JAYPEE cement corp for Rs. 3800 Crores.

VI. RESEARCH METHODOLOGY

Area of study:-

The study shall be conducted in above top 5 cement companies.

Period of Enquired :

last 5 years data of cement companies are considered for study. The proposed research work will be conducted at micro level for which the study period is 2009-2013.

Collection of Data :-

The study is based on secondary data collected through different journals and annual reports of various cement companies.

Tabulation, Analysis & Interpretation :-

Collected data shall be logically arranged in the form of tables which will be analysed on the basis of :

- Total Income of Companies
- Total Expenditure of Companies
- Total Profits of Companies

TABLE 1
Total Profits of Companies for last 5 years

Company	2012-13	2011-12	2010-11	2009-10	2008-09
India Cement LTD	4616.67	4222.69	3509.42	3794.03	3473.40
Ultratech	20608.84	20479.95	18685.00	13468.03	7144.53
Ambuja Cement	9553.97	10079.17	8802.13	7500.11	7258.73
ACC	11386.20	11267.38	9946.59	7874.34	8187.73
JK. Cements	2100.87	2116.40	1781.50	1335.15	1524.96

Interpretation:-

From table 1, it is clear that total income of cement companies are increasing except Ambuja Cement & J.K. Cement . The maximum Income earned by (20608.84) Ultratech cement securing 1st position, ACC 2nd Position, Amhuja 3rd, India Cement 4th position and J.K. Cements enjoying 5th position with the least income.

TABLE 2
Total Expenditure of Cement Companies for the last 5 years.

Company	2012-13	2011-12	2010-11	2009-10	2008-09
India Cement LTD	3773.72	3300.04	3062.49	2929.54	2419.73
Ultratech	16461.90	15499.46	14165.71	10646.48	5065.18
Ambuja Cement	7569.22	7257.93	6577.23	5514.67	5765.64
ACC	10290.44	10206.19	8621.33	6754.33	6581.00
JK. Cements	1754.64	1626.24	1390.73	1134.06	1049.20

Interpretation:-

From table 2, it is clear that total expenditure is also increased with the income of the companies. Maximum expenditure incurred by Ultratech Cement enjoying 1st position in income, 2nd position of ACC, Ambuja cement at 3rd, India Cement at 4th rank and JK Cement enjoying with last position in expenditure.

TABLE 3
Net Profit of Cement Companies for the last 5 years.

Company	2012-13	2011-12	2010-11	2009-10	2008-09
India Cement LTD	842.95	922.65	446.93	864.44	1053.67
Ultratech	2144.47	2655.43	2446.19	1404.23	1072.10
Ambuja Cement	1269.75	1576.19	1253.11	1113.40	1186.98
ACC	1095.76	1061.19	1325.26	1120.01	1606.73
JK. Cements	1754.64	1626.24	1390.73	1134.06	1049.20

Interpretation:-

Table 3, depicts that top cement companies are suffering from losses except ACC and JK Cement. They are continuously increasing losses with comparison to earlier year. Ultratech cement suffers from huge losses. Anbuja bear losses with shortage in income also. India cement Ltd. suffer losses at position 3rd. ACC Cement and JK Lakshmi Cement earning profits with comparison to earlier years.

Domestic Cement Consumption:-

The domestic cement consumption is expected to increase at a CAGR of 10.2% during FY 11-17 and reach 398 tonnes.

Year	Domestic Consumption
FY-10-11	222 MT
FY 11-12	242 MT
FY 12-13	265 MT
FY 13-14	293 MT
FY 14-15 E	324 MT
FY 15-16 E	359 MT
FY 16-17 E	398 MT

VII. FINDINGS

Major Cement Demand Drivers

Total 69 industries are in India producing cement and cement consumption in India was estimated from 2013-14 to about 280-285 MT. It consumed 293 MT. In which consumption of cement is as follows:

Major 64% of the total cement consumption is consumed by housing sector, 17% consumed by infrastructure, 13% consumed by commercial and institutions and only 6% is consumed for industrial sector.

VIII. CONCLUSION

The housing segment accounts for a major portion of total domestic demand for cement in India. The government of India is strongly focused on infrastructure development to boost economic growth and plans to increase investment in infrastructure to 12th five year plan (2012-17). During the plan, the industry is estimated to add a capacity of 150 MT of Cement production. Housing development plays important role in growth of India by providing much funds through the higher consumption.

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