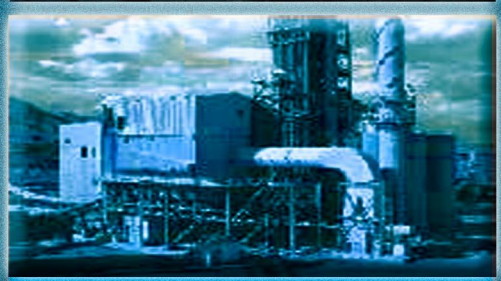
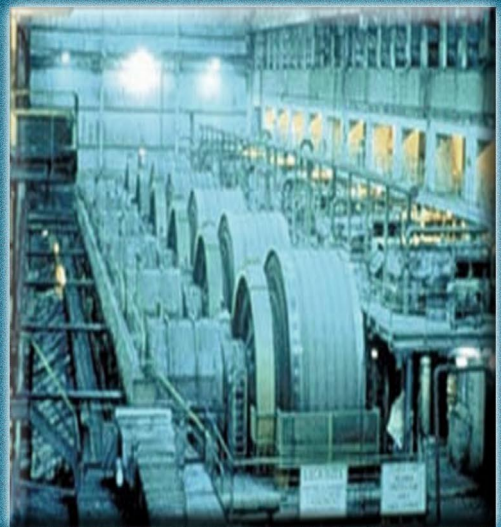


# Indian Cement Industry Forecast to 2012



**RNCOS**

*Published : Aug' 08*

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RNCOS, formed in the year 2002, aims to outsource all your business needs and serve your customers in their quest for the information. RNCOS is transforming the concept of 'Outsourcing' by adapting it into a strategic management preference to attain world-class operational excellence and competitive advantage.

RNCOS specializes in Industry intelligence and creative solutions for contemporary business segments. Our professionals study and analyze the industry and its various components, with comprehensive study of the changing market behavior. We provide corporations with an insight of the 'industry, competitive and market' necessary to compete in today's business environment. Additionally, our team focuses on the cause and effect relationship between federal and state regulations and the industries affected by regulation.

The company also works closely with small and medium sized consultancy firms, in various industry sectors. We assist in back-end research and data gathering processes. Our accuracy and data precision proves beneficial in terms of pricing and time management that assist the consultants in meeting their objectives in a cost-effective and timely manner.

## About the Report

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India is fast emerging on the world map as a strong economy and a global power. The country is going through a phase of rapid development and growth. All the vital industries and sectors of the country are registering growth and thus, luring investors. And cement industry is one of them. To throw light on the Indian cement industry, RNCOS has launched its report "**Indian Cement Industry Forecast to 2012**" that gives an extensive research and in-depth analysis of the cement industry in India. This report helps clients to analyze the competitive dynamics and emerging opportunities critical to the success of the cement industry in India. Based on this analysis, the report gives a future forecast of the market that is intended as a rough guide to the direction in which the market is likely to move.

### Key Findings

- Domestic demand for cement has been increasing at a fast pace in India and it has surpassed the economic growth rate of the country.
- Cement consumption in India is forecasted to grow by over 22% by 2009-10 from 2007-08.
- Among the states, Maharashtra has the highest share in consumption at 12.18%, followed by Uttar Pradesh.
- In production terms, Andhra Pradesh is leading with 14.72% of total production followed by Rajasthan.
- Housing sector is expected to remain the largest cement consumer in coming years.

### Key Issues and Facts Analyzed

- Where the Indian cement industry stands in global context?
- What are the factors that are fueling growth into the Indian cement industry?
- What opportunities exist for cement other related industries in India?
- How different states are performing in the industry?
- What are the issues faced by the industry?
- How the industry is likely to move in future?

## **Key Players Analyzed**

This section provides the overview and financial information on prominent players in the Indian cement sector, like Associated Cement Company Ltd. (ACC), Grasim Industries Ltd., Ambuja Cements Ltd., UltraTech Cement Ltd., J.K. Cement Limited, Madras Cements Ltd., and Jaypee Group.

## **Research Methodology Used**

### **Information Sources**

Information has been sourced from books, newspapers, trade journals, and white papers, industry portals, government agencies, trade associations, industry news and developments, and through access to more than 3000 paid databases.

### **Analysis Method**

Ratio analysis, historical trend analysis, linear regression analysis using software tools, judgmental forecasting, and cause and effect analysis have been used for analysis and processing of information.

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## 4. Why Indian Cement Market is Growing?

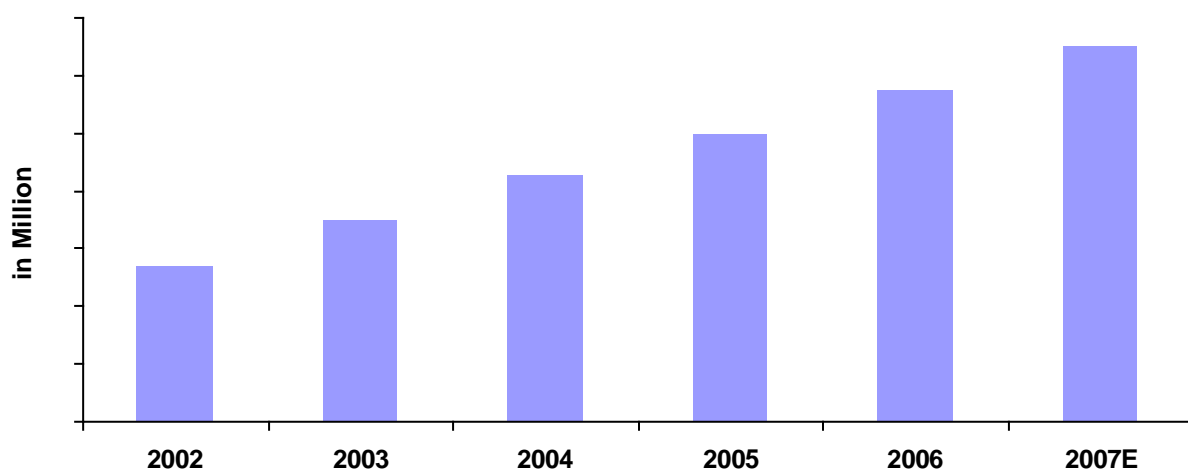
### 4.5 SEZ Development

Development of the Special Economic Zones (SEZs) is creating huge demand for cement. As per the fact sheet issued by SEZ India [REDACTED] [REDACTED] formal approval with the land [REDACTED] across the country is likely to [REDACTED] This will generate the demand for around 4-5 Metric Tons cement per year.

### 4.6 Increasing Population

The Indian population increased at an [REDACTED], reaching [REDACTED], and each person in the country consumed [REDACTED]. It is still reasonably low. With an increasing population and growing per capita cement consumption, which is supported by large construction activities going on in the country, the cement market will continue to grow.

Figure 4-3: India - Population (in Million), 2002-2007E



Source: [REDACTED]

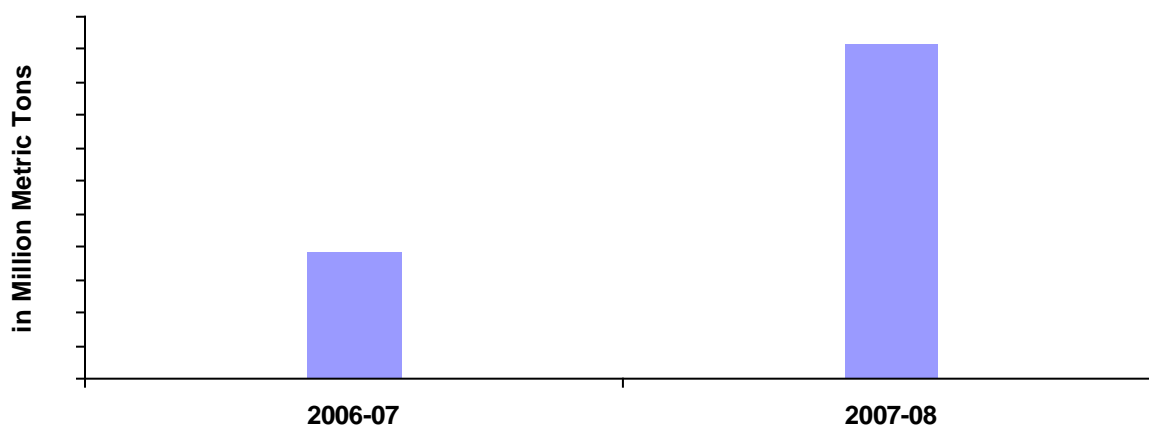


## 5. Indian Cement Industry - Performance

### 5.1 Production

The cement industry enhanced its production at the record level in 2007-08 as recent boom in infrastructure and the housing market has boosted the cement industry. Cement production in large plants grew at the rate of [REDACTED] in previous fiscal.

Figure 5-2: India - Cement Production of Large Plants (in Million Metric Tons), 2006-07 & 2007-08

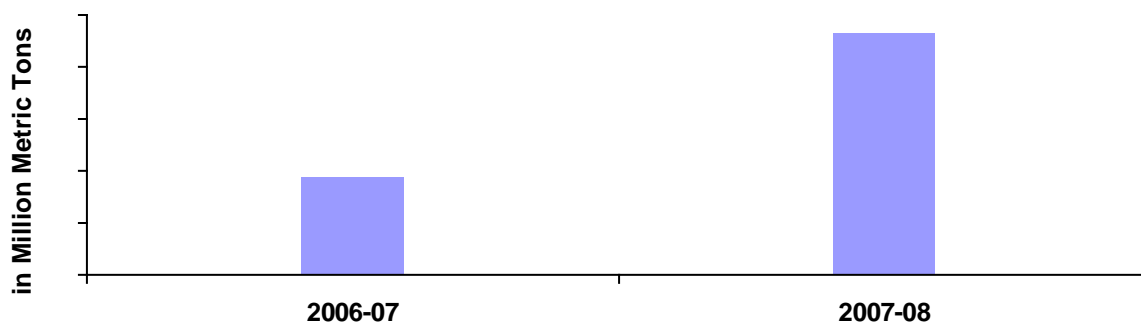


Source: [REDACTED]

## 5.3 Consumption

Cement consumption in India surged at a pace faster than that of production. India consumed [REDACTED] Million Metric Tons used in 2006-07, equating to a rise of [REDACTED].

Figure 5-9: India - Cement Consumption (in Million Metric Tons), 2006-07 & 2007-08

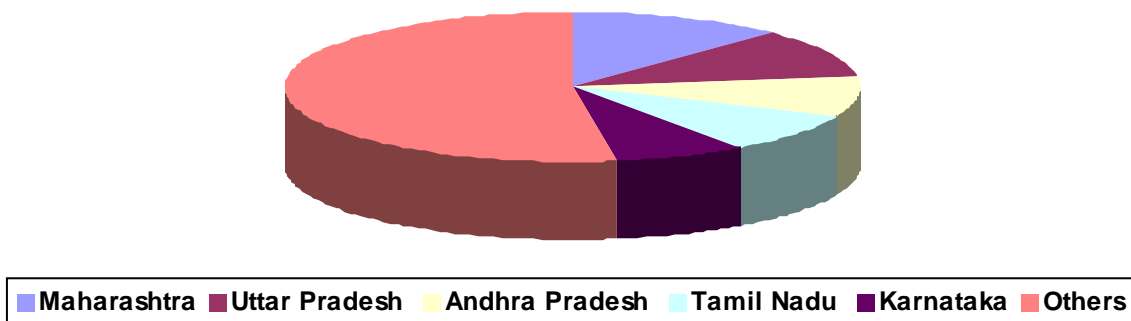


Source: [REDACTED]

### By Geographical Location

Among Indian States, Maharashtra reported the highest share of [REDACTED] in consumption, followed by Uttar Pradesh [REDACTED] and Karnataka [REDACTED]

Figure 5-10: India - Cement Consumption by State (%), 2006-07



Source: [REDACTED]

## 7. Roadblocks

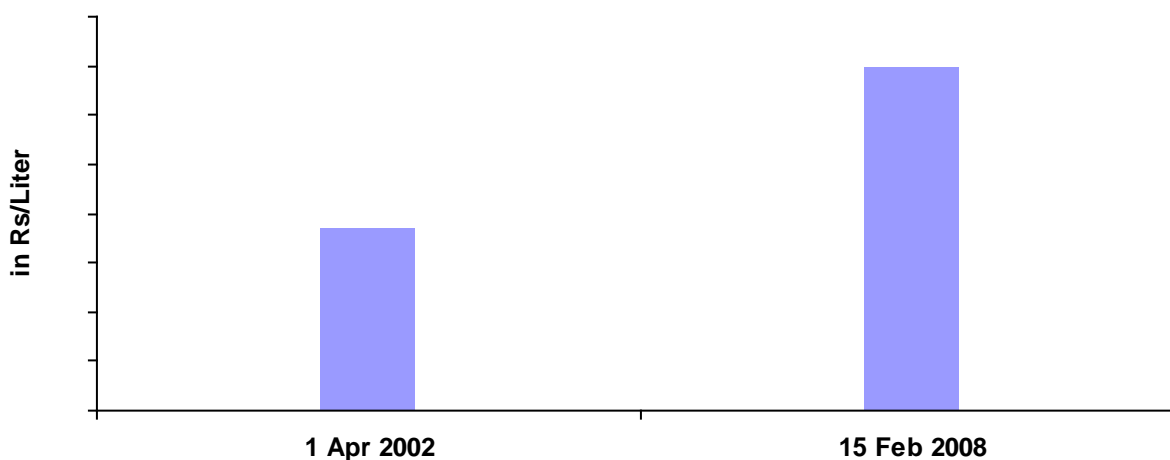
### 7.2 Input Cost

Input cost for cement manufacturing is increasing very sharply with government pressure on cement manufacturers to cut prices, thereby worsening situation for the industry. According to a study in the last quarter of 2007-08, the cost of raw materials has increased [REDACTED] much higher than the profit margins. Apart from this, the cost of electricity is also growing sharply, thus creating big challenge for cement manufacturers.

### 7.3 Transportation Cost

Freight cost, which [REDACTED] cement companies' revenues, is rising with increasing cost of diesel. Retail selling price of diesel increased by more [REDACTED] February 2008 over April 2002 and this is further expected to surge in near future because of spiraling crude oil prices, becoming a major cause of concern for cement companies.

Figure 7-2: India - Retail Selling Prices of Diesel (in Rs/Liter), 1 Apr 2002 & 15 Feb 2008



Source: [REDACTED]

Note: [REDACTED]

## Other Related Reports

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### [Opportunities in Indian Housing Sector \(2006-2007\)](#)

RNCOS report “Opportunities in Indian Housing Sector (2006-2007) provides extensive research and objective analysis on the growing housing industry in India, its components and supporting financing structure.

<http://www.rncos.com/Report/IM076.htm>

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### [Opportunities in Indian Steel Industry](#)

The report "Opportunities in Indian Steel Industry" by RNCOS undertakes a detailed analysis of the forces that have shaped the Indian steel industry in order to predict the future trends and prospects.

<http://www.rncos.com/Report/IM540.htm>

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### [Indian Coal Industry Outlook till 2012](#)

"Indian Coal Industry Outlook till 2012" is the new market research report by RNCOS on one of the earliest fossil fuels used by the mankind, coal. It reviews the performance of the Indian coal industry in recent years and focuses on the driving factors, future prospects and issues associated with it.

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### [Indian Coal Industry: Opportunities for Growth \(2006\)](#)

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