

Cement players bet big on ready mix concrete business

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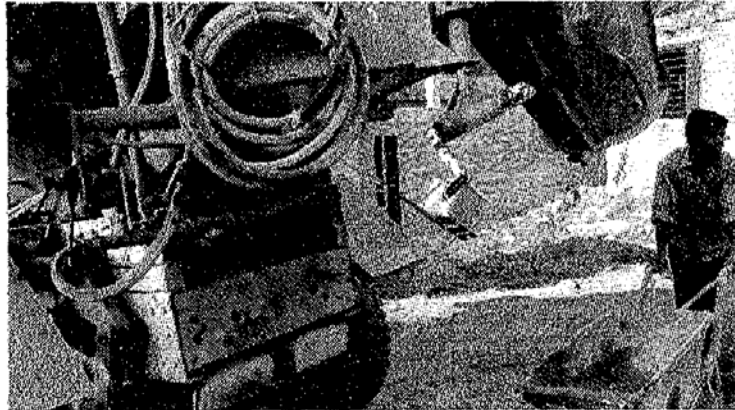
Though India is the second largest cement producer in the world with 205 million tonne cement capacity, the consumption of ready mix concrete (RMC) by the Indian construction industry is only 3 to 4%, as against over 60% in developed countries. Despite this the

Cement manufacturers in the country are betting big on the ready mix concrete business, despite its miniscule 3-4% consumption in the Indian construction industry. Its use in developed countries is around 60%.

Incidentally, the use ready mix concrete in India has been growing steadily and is expected to do so at 25% in the coming years.

In accordance, companies like Grasim Industries Ltd, UltraTech Cement Ltd, Lafarge and JK Lakshmi have plan to setup several ready mix concrete units in the next two years.

Whereas Grasim plans to add 24 ready mix concrete units at an investment of Rs 411 crore, UltraTech will add 17



File photo of a cement plant

units with investment worth Rs 150 crore. Similarly, JK Lakshmi, which already has 11 operational ready mix concrete units will add another 2 in the next two months, and 5 units every year there on. This will be done at an estimated investment of Rs 10 crore on each unit. Binani Cement is also exploring the possibility of entering the ready mix concrete in two years' time.

Meanwhile, Shailendra Choksi, director, JK Lakshmi Cement, said "While big construction projects have set up their own ready mix concrete plants at respective sites, they will gradually see value in outsourcing it."

Lafarge, which acquired L&T's ready mix concrete business (66 units), has established itself as the leader in the domestic ready mix concrete market. It has a market share of 25%, and is all set to add 9 units taking the total number of units to 75.

"We don't see any significant change in long-term demand trends to warrant a shift in our strategy. We will keep reviewing our plans as we go along," a Lafarge spokesperson told FE.

Ready mix concrete consumption is around 75% in the US, 50% in Thailand and Malaysia and 15% in China, said experts, as against 3-4% in India.