

Cement demand remains firm in March

Infrastructure, real-estate projects in North, East push offtake

Our Bureau

Mumbai, April 1

Cement demand continued to be brisk in March thanks to infrastructure and real estate projects in the northern and eastern regions.

Mr Shailendra Chouksey, Whole-Time Director of JK Lakshmi Cement in the north, said the stabilisation of expanded manufacturing capacities along with increased penetration in rural markets had helped the company grow.

DEMAND MAY DIP

However, demand may slow down in the coming days with the Reserve Bank of India's measures to rein in inflation that may result in higher lending rates for corporate houses, home loan seekers and consumers.

With softening demand and high input costs, manufacturers may find it difficult to pass on the incremental cost. Consumers may then have to fork out more for ce-

	Cement sales				
	(in million tonnes)				
	Mar '10	Mar '09	Feb '10	% change	
				m-o-m	y-o-y
Aditya Birla Group	3.7	3.4	3.2	9%	10%
Ambuja Cement	1.92	1.72	1.69	14%	12%
Shree Cement	0.93	0.84	0.78	19%	11%
JK Lakshmi Cement	0.45	0.42	0.43	5%	7%
Jaiprakash Associate	1.37	0.78	1.16	18%	76%

ment as the Centre recently hiked excise duty from eight to 10 per cent from April.

PETROL, DIESEL PRICE IMPACT

Besides, the hike in petrol and diesel prices may also push up operational costs.

"The industry transports about 60 per cent of its despatches by road and the rest by rail. Of the total operational cost, about 20 per cent goes into transporting the finished product," said a senior executive of a cement company.

In the last three months, manufacturers have man-

aged to pass on the incremental cost by hiking prices as demand was robust.

Going forward, the fresh capacities being added by various companies may lead to a glut-like situation.

Though the stabilisation of recently added capacities may take a few months, the uncertainty in demand and jump in production costs may pose a big challenge to cement companies, said an analyst.

CAPACITY EXPANSION

During 2009-10, the industry added about 35 million tonnes of new capacity

thanks largely to India Cements, Dalmia Cements, Chettinad Cement and UltraTech Cement. The stabilisation of these capacities may take up to a year, he said.

MIXED DAY ON BSE

Cement companies stocks' recorded a mixed performance on the BSE on Thursday.

Holcim-owned ACC and Ambuja Cement closed marginally lower by 0.19 per cent and 1.13 per cent at Rs 949 and Rs 118 respectively.

The Aditya Birla Group company, UltraTech Cement, was down one per cent at Rs 1,144 and Grasim Industries rose 0.53 per cent at Rs 2,829.

Shree Cement hit a record high of Rs 2,371 and gained 3.08 per cent.

JK Lakshmi Cement's stock was up 1.73 per cent at Rs 73, while Jaiprakash Associates gained three per cent at Rs 154.