

EXTERNAL OPERATING ENVIRONMENT

TAPPING INTO INDIA'S GROWTH NARRATIVE

The Indian cement industry, boasting the second-largest global capacity, stands on the precipice of significant growth, fuelled by a robust economy, favourable demographics and substantial government support.



FAVOURABLE MACROECONOMIC ENVIRONMENT

India's economic trajectory continues its upward ascent, projected to propel it to the position of the world's third-largest economy in the near future. Despite the global turbulence, the Indian economy grew by 8.2% in FY 2023-24, becoming the fifth-largest economy in the world. This robust economic backdrop fosters a fertile ground for the cement industry, with projections indicating a CAGR of 4.7% between 2024 and 2032. Additionally, stabilising input costs further bolster the industry's prospects for sustained growth.

4.7%

CAGR of Indian Cement Industry
from 2024-32

UNTAPPED POTENTIAL FOR EXPANSION

India's current per capita cement consumption remains significantly below the global average, highlighting immense potential for industry expansion. This low consumption rate stands in stark contrast to developed nations and even emerging peers like Brazil and Indonesia, presenting a clear opportunity for growth.

280-330 Kg

Per capita cement consumption
compared to 470-520 Kg world
average

DEMOGRAPHIC DIVIDEND AND URBANISATION

India's burgeoning population, coupled with a rising disposable income, creates a powerful driver for both housing and infrastructure development. This translates into a surge in demand for cement, propelling the industry forward. Furthermore, rapid urbanisation, with projections estimating an urban population of 600 million by 2030, fuels demand for new housing units, particularly in the affordable and mid-range segments. This trend serves as a significant catalyst for cement consumption.

600 million

Urban Population by 2030

9.2%

Estimated CAGR growth of India's
real estate market by 2028

GOVERNMENT INITIATIVES AS A GROWTH ENGINE

The Indian government actively fosters the growth of the cement industry through strategic initiatives such as the Pradhan Mantri Awas Yojana (PMAY), focussed on affordable housing development. This government support translates into a substantial and dependable demand for cement and building materials. Additionally, the interim budget 2024-25, with 11% increase in capital expenditure allocation to ₹ 11.11 trillion, has instilled confidence within the industry and paving the way for increased production capacity.

Major Schemes

- Implementation of 3 major railway corridor programmes under PM Gati Shakti to improve logistics efficiency and reduce cost
- Expansion of existing airports and comprehensive development of new airports under UDAN scheme
- Promotion of urban transformation via Metro rail and NaMo Bharat
- Increased allocation for PMAY to ₹ 80,671 crore

₹ 11.11 trillion

Capital Expenditure allocation in Interim Budget 2024-25

PM GATI SHAKTI – NATIONAL MASTER PLAN (NMP)

PM Gati Shakti, a comprehensive infrastructure development plan, fosters collaboration across government ministries. This ambitious project prioritises multimodal connectivity, facilitating the development of industrial corridors, aviation expansion, railway projects, and dedicated freight corridors – all major consumers of cement. This robust infrastructure development plan is poised to be a significant driver for cement demand.

₹ 110 trillion

Worth of mega projects in the National Infra Pipeline to be monitored under PM Gati-Shakti

SUSTAINABLE INNOVATION

Underscoring importance of sustainability, the government has allocated funds to support research and development of low-carbon technologies in the cement sector. Additionally, incentives encourage companies to adopt eco-friendly practices. This focus on sustainability ensures continued industry growth while minimising environmental impact.

HOW WE INTEND TO MAKE USE OF THE OPPORTUNITIES

Capacity Expansion

3x

Expansion between 2014 and 2023

Digitalisation and Innovation

SAATHI APP

For sales

AIKYAM APP

For multiple business verticals of group

