

Ramco Cements to broadbase production facilities

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‘Well positioned to tap high growth eastern region’

With the completion of its ongoing capacity expansion at strategic locations across southern and eastern regions, Ramco Cements’ production will be broadbased geographically.

As the cement industry is seeing a recovery post-Covid-19 period, cement companies are hopeful of reaping the benefits from demand revival and also from the emerging opportunity that could come from increased infrastructure spending in the medium to long term.

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“The granularity in our customer base across many individual house builders and small buyers ensures revenue spread across large base and insulates us from the risk of dependence on a few large accounts. Also, a large portion of our capacities are now in the eastern belt of the country where we expect high growth potential,” said AV Dharmakrishnan, Chief Executive Officer, Ramco Cements.

Capex in place

The ₹5,423-crore company is creating new grinding and clinkerisation capacities at a total cost of ₹3,500 crore in southern and eastern regions. The balance capex to be incurred as on June 30 was ₹1,180 crore.

Also, the completion of its ongoing projects is expected to bring major benefits. The expansion will help establish new markets in the coastal districts of Andhra Pradesh, Odisha, Jharkhand and West Bengal and proximity of grinding units to target markets will ensure supply chain efficiency. The projects will strengthen in-house clinker availability. Also, the installation of 39.15 MW of waste heat recovery system will reduce its carbon footprint.

The company had a combined manufacturing capacity of about 18 million tonne per annum (mtpa) as on March 31, 2020, spread across Tamil Nadu, Karnataka, Andhra Pradesh and West Bengal. It secured about three-fourths of its revenues from the southern market.

It has also been operating 2 mtpa capacity in Kolaghat (West Bengal) and 0.95 mtpa capacity in Visakhapatnam (Andhra Pradesh) to service the eastern market, which formed about 20 per cent of overall sales.

Its business and share in the fast-growing eastern market will become stronger with the commissioning of 1.05 mtpa expansion unit in Visakhapatnam in March 2020 and expected commissioning of Odisha unit (1 mtpa) soon.

Greenfield unit in AP