

# Shree Cement makes plans to go east

## ₹2,000-crore investment plan to increase capacity

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Shree Cement, the largest player in north India, is investing about ₹2,000 crore this year to raise capacity, with a focus on cornering a larger market share in the east.

As part of its expansion plans in the east from its base in Bihar, Shree Cement is constructing two plants — one in Raghunathpur, West Bengal, and the other near Cuttack, Odisha. Each of these two grinding units will have a capacity of 2 million tonnes per annum (mtpa) and will be fed with raw materials from its limestone block in Chhattisgarh. Limestone deposits, a key ingredient for making cement, are scanty in the east.

“Each of these units will attract an investment of ₹500 crore,” the company’s managing director, H M Bangur, said, adding the company had acquired 120-130 acres in West Bengal and a deal to acquire 150 acres in Odisha would be signed soon.

Bangur said these units would become prime distribution hubs for their respective states. Commissioning of these units, expected to take place in late 2018, will help the company increase its presence

### SMART MOVE

- Shree Cement will invest ₹2,000 crore this year to raise capacity
- It is constructing two plants — in Raghunathpur, Bengal, and Cuttack, Odisha
- Each unit will have 2mtpa capacity and attract investment of ₹500 crore
- Firm acquired 120-130 acres in Bengal; Deal to acquire 150 acres in Odisha will be signed soon

from one state to three in east India.

Bangur said the eastern part of the country was immensely underserved by cement companies and has a growth potential of 15-30 per cent over the next few years. The cement industry has 370-mt capacity now and sees demand of 300 mt annually. Over 10 years, the demand nationally, would scale up to 600 million tonnes (mt), which will call for 700-mt capacity. East India accounts for 17-18 per cent of the total production.

As part of its expansion plans, Shree Cement has targeted to reach 33.6 mtpa capacity from 23.6 mtpa by the end of 2019.

Shree Cement is also investing another

₹700 crore to construct two new units near Raipur in Chhattisgarh, which will take up the current capacity to 5.4 mtpa from 2.60 mtpa. Construction of another plant in Karnataka is underway.

“Total capital investment this year will be ₹2,000 crore,” Bangur added.

As part of its eastern foray, the company had first ventured into Bihar in 2007. Bangur said the company was the market leader in the state. Recently, it scaled up its Portland Slag Cement plant to 3.6 mtpa from 2 mtpa in that state. Although Shree Cement has covered Rajasthan as well as the Haryana-Punjab and Uttar-Pradesh-Delhi belts in the north and the Chhattisgarh-Bihar belt in the east, crucial markets of West Bengal and Odisha were missing from its map.

During the quarter ended March 2017, Shree Cement’s net profit fell 54.1 per cent to ₹304.5 crore from ₹663 crore a year ago.

Bangur said freight costs rose 41.7 per cent at ₹606.7 crore during January-March as cement had to be transported from its Rajasthan facility to Bihar. Its plant in Bihar was closed for 15 days in February this year, following an order from the National Green Tribunal, but is operating now. If the company hadn’t ferried the cement from Rajasthan, its market dominance could have been challenged, owing to stockists and retailers seeing a shortage.