

JSW Cement Aims to Double Output in 3 Yrs

Rakhi.Mazumdar
@timesgroup.com

Kolkata: JSW Cement, which is building 11 million tonnes of capacity, would seek to about double its output to 20 mt in the next three years, as the increasing spend on infrastructure and housing fuels demand for the commodity of which India is the world's second-largest consumer.

The company, which is building 10.9 mt cement capacity, is eyeing organic growth to achieve the scale and emerge as a serious player in the highly regional business that is dominated by Ultratech, Lafarge Holcim, and Dalmia Bharat. India's cement industry concentration is determined by access to limestone, a crucial but low-in-value raw material.

"We are looking at a combination of organic and inorganic growth. In the next three years, our target is to go up to 10 mt. Thereafter, we will do an initial public offering (IPO), where we hope to raise funds to invest in increasing our capacity to 50 mt between 2020 and 2025," said Parth Jindal, MD of JSW Cement.

He was in Calcutta to launch the first offering from JSW Cement's new 2.4 mt greenfield unit at Salboni in southern West Bengal, the site for the group's proposed steel plant.

"We are planning to double the capacity at Salboni to 4.8 mt by investing another Rs 600 crore, in addition to Rs 800 crore we have already invested. We are adding a grinding unit of 1.2 mt at Jajpur and a 1.5 mt kiln at Rourkela that will service Jajpur and Salboni units and our newly acquired 0.14 mt Shiva Cement unit," he added.



A key part of the growth will be JSW Cement's focus on acquiring limestone mines for each of its regional cement units. It accessed a mine with 120 mt of reserves through its Shiva Cement acquisition, secured a mine in Fujairah in the UAE and won another through auction at Kutch in Gujarat. JSW Cement is keen to bid for mines in Rajasthan, Chhattisgarh and Meghalaya to service its units in the north, central and the northeast, Jindal added.

"We are already producing at the lowest cost in the South and in the West, where our focus on conversion cost and access to good quality slag from JSW Steel and power from JSW Energy has helped us," he said.

In the East, JSW Cement would use slag from Tata Steel while keeping its focus on lowering conversion costs. In the North and Central regions, it does not have access to slag. Thus, if successful, the JSW Group's proposed bid for Monnet Ispat and Bhushan Steel could be useful for the cement business too.

