

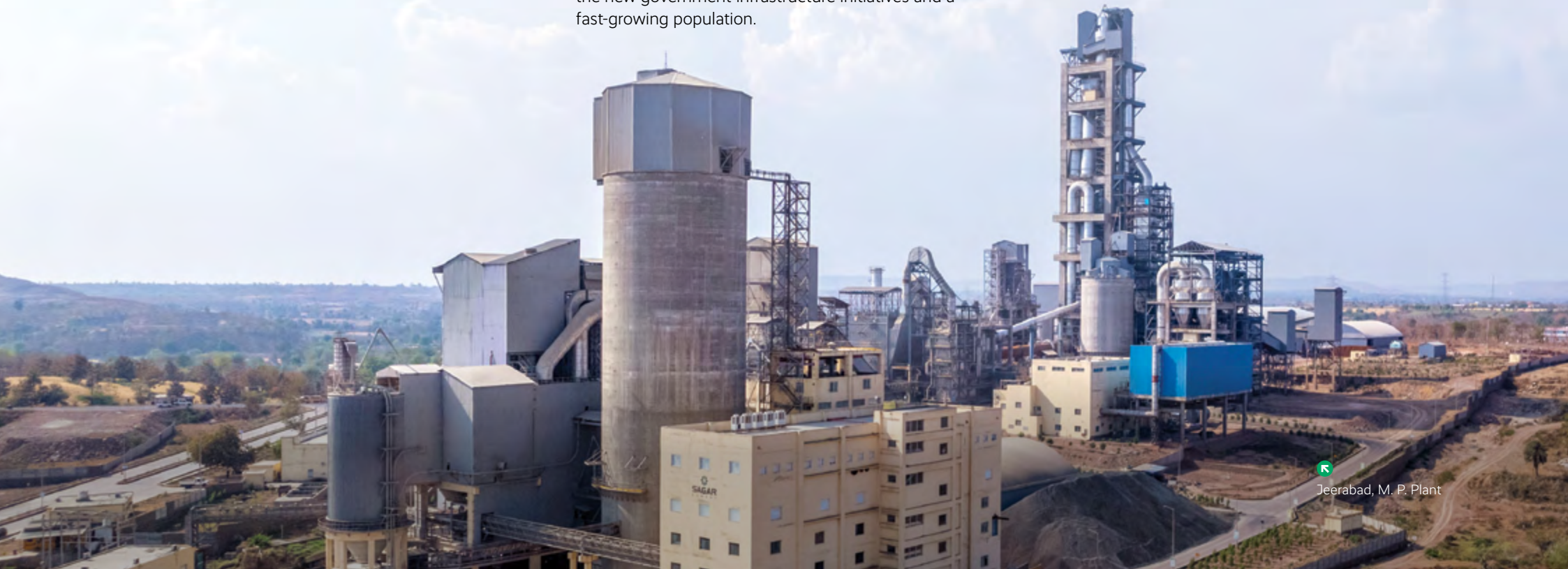


Operating context

As a leading player in the Indian cement business, we are aware of the forces shaping our industry. As the understanding around the challenges of climate change grows, the need for sustainable solutions is more keenly felt. At SGC, we understand the challenges facing the industry and our business and the prospects for us to make a difference and create value.

Favourable demand-supply dynamics

India is the world's second-largest cement producer, with growing demand in the construction, infrastructure, and housing segments. The sector notably plays a critical role in the economic growth of the country, in its journey towards inclusive and decidedly conclusive growth. Although India is also the second largest consumer of cement, its per capita cement consumption is significantly lower than the global average, which provides ample headroom for growth. Despite a recent slowdown in growth, the future remains quite positive, thanks to the new government infrastructure initiatives and a fast-growing population.





Operating context

Key factors driving demand



Population demographics

According to United Nations' World Population Prospects (WPP) 2022, India is the most populous country in the world, and is expected to reach a population of 150 Crores by 2030 and 166 Crores by 2050. India's urban population is estimated to stand at around 68 Crores in 2035, the second-highest behind China's one billion. This translates into a higher demand for housing and related amenities.

150 Crores
India's population by 2030

Housing shortage

According to government estimates, India had an urban housing shortage of around 19 million units in 2022 and this is expected to double by 2030. The government is also trying to boost affordable housing by providing subsidies, which will encourage construction in India's smaller towns and cities.

38 million units
Housing shortage in urban areas by 2030



Dachepalli, A.P. Plant

Low per capita cement consumption

India's per capita cement consumption at 240-250 kg, against the world average of 500-550 kg, is one of the lowest in the world, even behind countries such as Brazil and Indonesia.

240-250 kg
India's per capita cement consumption



Operating context

Key factors driving demand



Continued focus on infrastructure and housing

The cement industry thrives on demand from housing, infrastructure, commercial, and industrial sectors, with consistent Government support. The Government has increased the allocation of the infrastructure sector to ₹ 11.11 Lakh Crores for FY2025, which will be 3.4% of the GDP. The industry's growth is propelled by the government's focus on infrastructure and housing, as seen in initiatives like the National Infrastructure Pipeline and PM GatiShakti, driving construction activities and increasing cement demand.

₹ 11.11 Lakhs Crores
Infrastructure outlay for FY2025

Digitalisation and sustainability

Swift technological progress is a major disruptive force, impacting global industries. Current technology trends prioritise automation, production efficiency, and advancements in robotics, nanotechnology, Artificial Intelligence (AI), and the Internet of Things (IoT).



How we intend to make use of these trends

Capacity expansion

Our vision is to double capacity every 10 years, aiming for 20 MTPA by 2035 through organic and inorganic growth. This involves debottlenecking and upgrading for organic expansion. Simultaneously, we are expanding market reach in the eastern and central regions, capitalising on the predicted 8%-9% CAGR in cement demand by CRISIL between FY2023-FY2025E. Cement demand in these areas is below the national average, making it feasible to absorb increased production from new facilities, projected at 75 MTPA in FY2024E and 109 MTPA in FY2025E.

Enhancing operational efficiency

We strive to improve operational efficiency in fuel and freight. We are making use of captive power plants that meet 40% of our electricity requirements while ensuring power security at reasonable prices.

Sustainability

Committed to sustainability, we have outlined our ESG vision for 2030. It demonstrates our dedication to reducing carbon emissions, promoting resource efficiency, supporting employees, and uplifting local communities.