
Lafarge and Grasim RMC plans on track

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BS reported that Lafarge and Grasim Industries are going ahead with their ready mix concrete expansion plans in India. JK Lakshmi Cement too has set up 10 RMC units and has plans to add another 5 units at an investment of INR 1,000 crore by March 2009.

Overall, the RMC business is a loss-making division. An industry analyst said that "Unless volumes grow substantially, the division will remain unprofitable." However, an executive felt "RMC is a highly capital intensive business and has a long gestation period but it has bright prospects and is growing fast."

A Lafarge spokesperson said that "Our market projections were based on the natural growth in demand and the current poor level of penetration in the sector of RMC products, compared to other developing markets. We don't see any significant change in the long-term demand trends to warrant a shift in our strategy."

However, Grasim has plans to take its total number of RMC units to above 90 from 40. Holcim which has its RMC business under ACC Concrete had planned to add 40 units each year but due to the slowdown in the construction sector, it aborted the expansion.

In the domestic market, RMC sales volume constitute less than 3% of the total cement sales against 60% in the western markets.

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