



INDIAN CEMENT SECTOR

Share of green power for cement companies expected to increase to 42% by FY2025

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By FY2025, green power is expected to account for 40-42% of the total power mix for cement companies, compared to around 35% as of March 2023.

The shift to green power, which is primarily dominated by waste heat recovery system (WHRS) capacities, is expected to aid the cement companies in reducing power costs.



Greenhouse gases emitted by the Cement industry significantly impact the environment given the highly energy intensive nature of the cement manufacturing process. Cement industry is one of the largest consumers of fuel (in the form of coal), only behind iron, steel and thermal power.



The major cement players in the country aim to reduce emissions by 15-17% over the next 8-10 years. The players are undertaking initiatives such as increasing share of blended cement, which uses less clinker and consequently less fuel, increasing the share of green power consumption through a mix of solar, wind and WHRS capacities and trying to shift to alternate fuels.



By FY2025, green power is expected to account for 40-42% of total power mix, compared to around 35% as of March 2023. The overall outlay for green power investments is estimated at around ~Rs. 5,500 crore in the next two years.



Power and fuel costs account for 30-35% of the total cost for the cement companies in FY2023. With an expected increase in the share of green power in the overall power mix, the cement companies are likely to save on power & fuel costs by 15-18%, thereby improving the operating margins by 140-160 bps, while also reducing their carbon footprint.



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