

# Chapter 1: Introduction

## 1.1 OVERVIEW OF CEMENT INDUSTRY

“**CEMENT**” is a substance applied to the surface of solid bodies to make them cohere firmly or more specifically, “a powdered substance which make plastic with water is used in a soft & pasty state.”

Cement is a very crucial infrastructure industry of every nation. It was decontrolled from price & distribution on 1<sup>st</sup> march 1989 & delicensed on 25<sup>th</sup> july 1991 and since then many long strides have been taken by this industry. Many regulatory bodies have been set up by the government to monitor the performance of companies competing in this field.

The cement industry consists of 125 big cement plants each having a capacity of 148.28 million tonnes. There are also 300 small cement plants to supplement the big cement plants with each having an estimated capacity of 11.10million tonnes per annum.

### History of Cement Industries:

The history of cement can ne narrated as the transition of civilization from primitive caves of prehistoric times to the sky touching buildings of the modern age. It is said that the use of cement is as old as the knowledge of fire to mankind. Egyptians used gypsum plaster as Cementing material as early as 3000 BC for building monuments.

However, it was in the 1824, about a duration of 60-80 years after the discovery of hydraulic properties of limestone, Joseph Aspdin patented his product, which was called “Portland Cement”. The plants which manufactured Portland cement outside England were commissioned in Belgium & Germany in 1855. The interest of the people that elicited in the technology of cement resulted in the development of rotary kilns in 1886.

Modern cement is the outcome of the combined researches & continued development efforts of chemists, technologists & architects as well. The cement technology is a direct result of the massive development in other industries namely technology, constructional activities & knowledge helped by the easy availability of raw materials.

## **Introduction to the Industry:**

In the beginning, man lived in thatched houses but later as his horizon of knowledge expanded he could produce a wonderful material for construction known as cement.

In the year 1756 Jhon Smeaton, an English engineer, erected eddy stone lighthouse in English Channel that paved the start of the industry. Various types of cement, roman cement & pozzolona cement also came into existence. India too contributed to the production. In 1918 the Indian cement industry had a stated overall capacity of about 84000 tonnes a year.

At the time of independence there were 23 factories in all with a capacity of 1.5 million tonnes per annum. The major costs incurred come under the head of transport & energy consumption consisting of power & fuel. The cost of production per tonne of cement usually ranges between Rs.1200 to 1399. The profitability will depend upon operational & logistical efficiency. A good image will help to command a good premium. This is evidenced by the premium brands like Ultratech Cement, Ambuja Cement & Binani Cement.

Some multinational companies like Lafarge, Holcim & Blue Circle Victor have recently evinced interest in shifting more of their business towards Asia, especially to India. Infact one /two deal of take-over has already materialized in which Holcim took over the cement business of Ambuja Cement & ACC from their old promoters.

Also, Lafarge took over the cement business of TISCO & influencing factors may make the situation a trend. It seems imminent that more of them would take place in the time to follow, since acquisition is always a more preferred route then expansion/green field installation.

## **The Emergence of Cement Industries in India:**

“The first true Portland cement manufactured in India was made inculcate from chalk, imported as ballast in sailing ships & mud from Hoogli River.” But systematically, cement was manufactured in 1904 in Madras by the South India Industries Ltd.(established in 1879). It used sea-shale & clay as raw material & had the working capacity of 30 tonnes per day. Though its life span was short yet it gave impetus to the growth of cement.

By 1912-13 the Indian cement co. limited had been established at Porbandar (Gujarat) which had a production capacity of about 100 tonnes per day. The manufacturing of cement commenced in 1904. But the first bag of cement was packed by the Indian cement company ltd. Porbandar (Gujrat) in October. After some time, two more cement companies Katni

Cement & Industrial Co. Ltd. Began production at Katni (M.P.) & Lakheri (Rajasthan) respectively. The industries got some stimulus during the First World War & because of that companies produced 8,500 tonnes of cement per year. The total capacity of all the nine factories in India in 1924 was still 5, 59,800 tones only.

For long, companies faced severe competition in the prevailing demand. This intense competition led to the formation of Cement Manufacturers Association (CMA) in 1923 whose function was to regulate & monitor the prices of cement..

Subsequently, to popularize cement, Concrete association of India was established in 1927 to educate masses in the use of cement. Simultaneously, cement marketing arrangement was also made & the use of 'Cement Marketing Company' was established in 1930 that agreed to sell cement of ACC & Dalmia group on quota basis.

The growth of industry took rapid strides during 1926-36, though the CMA solved most of the problems, yet the consolidation takes needed the Herculean efforts. F.E. Dinshaw (a leading industrialist) took control ten out of eleven units of ACC (excepting some valley). The object of amalgamation was not to attain a monopolistic position, but to make & deliver cement as cheap as possible. The objectives were materialized & cement was made available at then lowest possible price. The Industry acquired greater efficiency, rendering the CMA superfluous. 'The cement making company of India' becomes a subsidiary of ACC in 1936. The ACC Limited was established on 1st August 1936 with its headquarter at Bombay. This lured Dalmia Jain group to enter the field with five factories.

Meanwhile, many new companies were set up. The Assam Bengal Company set up its factory at Chatak (Bengal) & the Kalyanpur line & cement works at Banjari (Bihar) & Mysore Iron & Steel Co. Ltd. A public sector undertaking established its factory at Bhadravati (Mysore). Similarly, Andhra Cement Company was floated to set up a factory at Vijaywara (Andhra Pradesh).

By 1947, there were 23 cement factories in India with a total production capacity of 2.2 million tonnes, but owing to partition, 81.5% of the rated capacity along with production 1.79 million tonnes went with India while the remaining was shared by Pakistan.

## **Government Policies:**

Until the year 1982, the Indian cement industry was completely controlled by the government. The government regulated both distribution as well as the prices of cement. The major reasons of control were:

Government was the major buyer of cement & Cement was the core commodity to control any sudden price fluctuations.

Only 1/3<sup>rd</sup> of the cement could be sold in the open market & the remaining 2/3<sup>rd</sup> was under levy & the prices of this levy cement was administered by government. This attitude of the government discouraged investments in the cement industry.

Then reforms were made & manufacturers were then allowed to sell between 45% to 65% of the cement production in the open market. The industry saw a tremendous boost in its installed capacity. The step of liberalizing the industry by govt. has paid off very well.

### **Pre-liberalization (Prior to 1986)**

- Limited availability
- Limited free sale
- Cement was available on ration
- Cement was monopolistic commodity
- No competition-only distribution
- No customer choice
- Only jute packing available

### **Post liberalization (After 1986)**

- Supply exceeds demand
- Customer became quality conscious
- Stiff competition
- Customer demanded clean packaging
- Customer demanded high strength in cement.

## Growth & Present Status of Industry

India has one of the World's largest & fastest growing Cement Industry which is growing at a fast pace because of huge development in infrastructure activities , increasing demand from housing sector to accommodate the ever growing Indian population, & construction recovery. According to the latest research, the latest technological developments in the sector plus the strong support of government are enticing the global cement giants from all over the world.

The Eastern region is achieving new heights in the cement usage sector, while the northern region is facing a descent in cement prices. Domestic demand plays a very significant role in the fast growth of cement industry in India. The consumption in 2009-2010 rose to 21% from 2007-2008. In cement consumption the state of Maharashtra leads. Rajasthan remains at 2<sup>nd</sup> position. The production of cement in India grew at a fast rate of 9.1 % during 2006-2007. Due to high market demand the Cement Companies are trying their best to improve their production capacity to meet these demands. The cement companies have seen a net profit growth rate of 85%. It has contributed almost 8% to India's economic development.

Cement capacity utilisation which was around 71 per cent in 2014 is likely to improve to 73 per cent to 75 per cent in 2016. The southern region which is facing a condition of over supply, is likely to maintain a supply discipline during 2014- 16 with a capacity addition of just 7 mtpa over this period. This is expected to improve cement capacity utilisation in this region to 61- 63 per cent in 2016 from 56 per cent in 2014.

The central regions of the country, will likely add 5 mtpa during 2014-16 & consequently improve capacity utilisation to around 85 per cent from the current level of 81 per cent. Similarly, the capacity utilisation in regions of northern India, is likely to increase to 80-81 per cent in 2016 from 78 per cent in 2014 as the region adds 13 mtpa.

## **Company Profile**

### **Introduction about company**

About Ambuja cement

AMBUJA CEMENT LIMITED started production in 1986. Headquartered in Mumbai, ACL's objective is to produce & market cement & clinker for both domestic as well as export markets. The cement industry which was growing at a fast pace really helped Ambuja Cement to grow & leverage this opportunity to enter this sector & grow

However, a decade later, it achieved new heights & became one of the world's most efficient cement companies producing the best cement in the world at the lowest possible cost

Today, Ambuja stands as one of the largest cement companies in India, with an annual cement capacity of 25 million tonnes & turnover of Rs.7,390 crores. The company runs 13 manufacturing plants in India.

The company has a strategic relationship with holcim, which is the second largest cement manufacturer in the world.

Ambuja cement was the first Indian company to move bulk cement by sea. Sea transport resulted in swift & efficient movement of the bulk, besides bringing many coastal markets within easy reach. The company has a port at Muldwarka, Gujarat & bulk cement terminals at Surat, Gujarat, Panvel, Maharashtra & Kochi.

The company posted a net profit of Rs.1264 crores, as against Rs. 1218 crores in the previous year. The company's cement capacity is expected to increase in the coming years

### Plant (million tonnes)

<b>NORTH</b>		<b>WEST</b>		<b>EAST</b>	
Darlaghat	1.6	Ambujanagar	5.5	Bhatapara	1.8
Ropar	2.5	Surat	1.2	Sankrail	1.5
Bhathinda	0.5	Maratha	3.6	Farakka	1.0
Roorkee	1.0				
Rabriyawas	1.8				
Dadri	1.5				
Nalagarh	1.5				
<b>Total</b>	<b>10.4</b>	<b>Total</b>	<b>10.3</b>	<b>Total</b>	<b>4.3</b>

### History and Overview

- Ambuja cement was earlier known as Gujarat Ambuja Cement Ltd.(GACL). GACL was promoted by the Gujarat Industrial and investment Corporation Ltd along with Sheksaria Group
- The first project was slated to take place near Mahuva, at Bhavnagar distt.
- However, due to non-cooperation & a number of other issues that cropped up at Mahuva the planned project could not be completed and it was decided by the management to relocate the project to village Vadnagar, at Junagarh Distt.
- GACL set up its second plant in 1992 in Kodinar and it was called Gajambuja Line-1. After that it opened its third plant in 1998 by the name Gajambuja Line-2. Later GACL was taken over by Holcin Group and renamed to Ambuja Cement ltd. Presently the total cement production capacity of the company is 20.1 million tonnes. Presently ACL is one of the most efficient and profit making companies in India.
- It produces cement at the lowest possible cost in the whole world. One major reason is that ACL emphasizes on efficiency & it implements a state of the art process for producing cement.
- ACL is the first company to introduce the concept of bulk cement i.e. movement by sea to India. The company has bulk cement terminals at Surat, Panwel & Galle.

## FIRST PLANT SETUP IN RECORD TIME

When Ambuja setup its first plant in 1986, the expected duration for getting the plant ready & operational was 3 years. However Ambuja was able to do it in less than 2 years & that too with a considerably lower capital expenditure. It was a major achievement back at that time taking into account the technological & other constraints

In 1993 the company went a step further & improved its own record. Ambuja was able to install its second plant in a span of only 13 months – which is the shortest time for setting up one million tonne capacity cement plant.

## GOALS & OBJECTIVES

### MISSION:

- Delighted customers, inspired employees, empowered partners, energized society, loyal shareholders, healthy environment.

### VISION:

- To be the most admired & competitive company in cement industry.

### OBJECTIVES OF COMPANY:

The management of Ambuja decided some objectives to become topper in the market & the objectives are:

- Better quality than other company.
- Fair returns to shareholders.
- Increasing the productivity level to serve more.
- Maximum customer satisfaction.
- Clean & healthy Environment for employee's growth.
- Try to lower pollution to fulfillment of social responsibilities



## BOARD OF DIRECTORS OF AMBUJA CEMENTS:

- Mr. M.S Sekhsaria, Chairman
- Mr. Paul Hugentobler, Vice chairman
- Mr. Markus Akermann
- Mr. M.L Bhakta
- Mr. Nasir Munjee
- Mr. Rajendra Chitale
- Mr. Shailesh Haribhakti
- Mr. Omkar Goswami
- Mr. Naresh Chandra
- Mr. Onne V.D Weijde, Managing Director

## THE ENVIRONMENT

Ambuja firmly believes that production cannot take place at the cost of the environment. This is the reason why it has strictly adhered to the internationally stipulated rules & norms. This is one of the reasons why Ambuja has been able to retain their faith as an ethical & responsible company in the minds of the stakeholders

The pollution levels at all its cement plants are considerably lower than the stern swiss standards of 100 mg /nm<sup>3</sup>.

At the Gujarat plants, the company has employed surface miners to scrap the surface of mines. This act ensured that all the mining is totally blast free. Similarly there is no trace of Noise or Air pollution at its Himachal Pradesh Plant

Moreover, Ambuja has used techniques that have made mining absolutely safe & pollution free.

It has implemented these efficient techniques at all its branches. All of its plants are considered Pollution free & it has also garnered many awards for its brilliant pollution control mechanism.

## Recognition

- It got the national award by Prime Minister of India for “Commitment to quality”

- It got the national award by Prime Minister of India for “Exemplary Pollution Control”
- It also got Eco-gold star award by TERI.
- Best export award by CAPEXIL.
- Award for corporate social responsibility by business world – FICCI-2003
- International award for Rural Development by Asian Management Institute (AIM).
- ISO 9002 quality certification.
- ISO 14000 certification for environmental systems.
- CSR award for contribution towards developmental activities (2004)&‘the excellence award’ for health category.(2008).
- Because of its excellent salinity mitigation work in Gujarat (2010) , it was honoured by CII-Godrej Green Business Centre
- Best organisation for CSR activities by Bharat Shodh in 2014.

## **CONCEPTUAL DISCUSSION**

### **CURRENT DETAILS ON CEMENT INDUSTRY**

#### Cement Production & Growth

Demand from the local market plays a very important role in the development and growth of cement industry in India. The rate of increase of Domestic demand of cement in Indian market is growing at a very fast pace. The cement consumption is estimated to increase more than 38% by 2013-14 from 2011-12. In cement consumption, the state of Maharashtra is at the top with 12.18% consumption, followed by Uttar Pradesh. In terms of cement production, Andhra Pradesh is at the top of the list with 16.72% of production, while Rajasthan at the second spot.

The production of cement in India grew at a rate of 8.3% during 2014-15 against the total production of 251 MT in the prev fiscal year. During April to October 2012-13, the production of cement in India was 247 MT comparing to 229 MT during the same period in

the previous year. During October 2012, the total cement production in India was 12.37 MT compared to a production of 11.61 MT in the same month in the previous year. The cement companies are also increasing their production capacity owing to the high market demand. The cement companies have seen a net profit growth rate of 8.5%. With this massive success, the cement industry in India has contributed almost 8% to India's economic development.

#### Technology Up-gradation

Cement industry in India is currently going through a radical technological change as a lot of developments are being made in this field to streamline the whole process and to make the whole process of cement manufacturing more environment friendly. In the present scenario 93% of the total capacity of cement production is based on modern state of the art technology. The remaining 7% makes use of the old obsolete process of semi dry process technology. This 7% percentage will soon reduce to null taking into account the changes introduced by the company. Work is also being put in the area of waste heat recovery in the cement plants which will lead to a significant reduction in emission level and thus will improve the overall efficiency of the company

#### Cement Dispatches

Cement industry in India has remained successful in utilizing its overall capacity, which has resulted in Company maintaining a 14% growth rate. In 2013-14, the total dispatch was 170 MT, which increased up to 200 MT in 2014-15. The month of October 2014 saw a cement dispatch of 13.22 MT, which was almost 13% higher than the total cement dispatch of 11.19 MT in the same month in the previous year.

	<b>2014-15 (Apr-Oct) (in MT)</b>	<b>2013-14 (Apr-Oct) in MT</b>
Production	141.05	125.06
Dispatches (Excluding Export)	120.35	104.44
Export	2.57	2.26
Capacity Utilization (%)	85	93

## Major Players in Indian Cement Industry

There are a plethora of players involved in Indian cement industry. However , 70% of the total business is shared by around 20 Big names. However a number of Domestic players are entering into this arena at a fast pace despite the intense competition. The total capacity is distributed among 129 Plants which are owned by 55 major players across the nation.

Following are some of the major names in the Indian cement industry:

- Aditya Birla Group's Ultratech Cements
- Ambuja Cements
- Shree Cements
- ACC
- Ramco Cements
- Prism Cement
- Dalmia Bharat
- J.K. Cement
- J.K Lakshmi Cement
- Orient Cement
- Birla Corp
- OCL India
- India Cements
- KCP
- Udaipur Cement

## Mergers&Acquisitions in Cement Industry in India

- UltraTech Cement has taken over its sister company Samruddhi Cement to become the biggest cement company in India..
- Market Fund & Asset Management Fund have together bought 7.5% of India Cements (ICL) at a cost of US\$ 124.91 million.
- French cement company Vicat SA bought 6.67% share of Sagar Cement at a Cost of US\$ 14.35 million.

- Holcim now holds 56% stake of Ambuja Cement. Previously it held 22% of Stake. The company utilized various open market transactions to increase its stakes. It invested US\$ 1.8 billion for that.
- Six foreign & domestic cement companies, along with one private equity firm, have expressed interest in buying the assets that Lafarge is divesting in India before it closes its merger with Holcim. The bids were in excess of US\$627m

### About Holcim Limited

Holcim Limited is the world's second largest construction materials producer with majority & minority interests in more than 70 countries across continents.

Holcim set foot in India through acquisition of equity in Ambuja Cements Limited & ACC Limited in January 2006. Holcim is one of the world's leading suppliers of cement. Holcim was founded in 1912 in a swiss village named Holderbank. Cement aggregates constitute Holcim's core business. Today, Holcim enjoys a stronger foothold in each individual market.

### How Holcim set its existence in India ???

The Holcim group made its debut in India in January 2005, by entering into a strategic alliance with Ambuja Cements Limited (previously known as Gujarat Ambuja Cements Limited). Ambuja Cements was the third largest player in the Indian cement market with one of the highest operating margins.

In January 2006, Holcim acquired a 14.8 per cent stake in ACL to further consolidate its position in the Indian cement industry. Subsequently, it acquired another 3.7 per cent stake in ACL, taking its total shareholding in the company to 18.5 per cent. By December 2006, the total shareholding in the company rose to 46.8 per cent.

Holcim enjoys key advantages such as superior market share, strong brand equity, pan-india presence & a competitive product mix. With ACC & Ambuja, this makes Holcim the largest cement player in the country & a 'power brand' in the cement industry.

### Recent Investments in the Indian Cement Industry

Recently Dalmia cement which is the second largest Cement company in South India has declared that it is going to invest about US\$ 652.6 Million in its production plants in the coming 2-3 years to add 10 MT capacity to its current production.

Anil Ambani-led Reliance Infrastructure is going ahead to build up cement plants with a total capacity of yearly 20 MT in the next 5 years. For this, the company will invest US\$ 2.1 billion..

Jaiprakash Associates Ltd signed a Memorandum of Understanding with Assam Mineral Development Corporation Limited to set up a 2 MT cement plant. The estimated project cost is US\$ 221.36 million.

### Growth and Development of ACL

Since 1986 till now Ambuja has touched peaks of success with emerging ups & downs coming their way. Come let us have a look how ACL set its foot of success since 80's till now.

### Milestones

#### **1986:** Just “THE BEGINNING”

- Ambuja Cement’s first cement manufacturing plant started its production at Ambujanagar, Gujarat with a capacity of 0.7 million tonnes.

#### **1987-1988:**

- The company achieved significant energy efficiency in its kilns. Power constitutes over 40% of cement production costs. Its Himachal Pradesh plant pushes up productivity while bringing down power costs & also stabilizing time from 18 months to a mere 3 months.

### **1988-1989:**

- Ambuja cements undertake the Van-Vihar project to convert a mined area into a scenic location.

### **1992-1993:**

- ACL extends operations at ambujanagar- sets up a 9.4 lakh tonne plant at ambujanagar. Sets up the ambitious 1 million tonne cement plant at darlaghat in himachal Pradesh.

### **1994-1995**

- Commissions clinkerisation facility in Darlaghat & the power plant at ropar.
- Sets up the third 1 million tonne plant at ambujanagar.

### **1996-1997:**

- Exports 5.33 lakh tonnes of cement & clinker.

### **1997-1998**

- Puts up a 40-MW power plant at low cost in ambujanagar, increasing power generation capacity significantly.
- Sets up a new 12-MW captive power plant at Darlaghat.

### **1998-1999:**

- Introduced plans for a new Greenfield plant at Guntur, Andhra Pradesh.

### **1999-2000:**

- Wins industry applause by setting up a cement terminal in Sri Lanka.

### **2000-2001:**

- The pace of growth began again. The company begins work on a 2 million tonne plant in Chandrapur district, Maharashtra. **ACL** demonstrates exemplary caring & concern for the earthquake-affected in Gujarat.

### **2002-2003:**

- Achieves 100% capacity utilisation in the very first year of production at Chandrapur plant
- Plans a Greenfield plant at Kutch, Gujarat

### **2007-2008:**

- Helped rural areas to build infrastructure by using its extremely efficient technology and also imparted key skills and training to the villagers which helped them to earn their livelihood
- The company Chairman Mr. Suresh K. Neotia was also felicitated with Padma Bhushan Award by Government of India for his immense contribution to Indian Business and Cement Industry.

### **2009:**

- Allocates resources to strengthen the Occupational Health & Safety Management system.
- Puts in place procedures & programmes to ensure a “zero harm” working environment.
- Makes the company an exemplary Company for the whole industry.

### **2009-2010:**

- Makes a very good tactical move and launches a Knowledge initiative by the name – “The Ambuja Knowledge Center”. Its aim was to educate the industry players and people about the whole process of cement manufacturing and make them aware of the whole world of cement & concrete. At present there are three such centers at Jaipur, Ahmedabad and Kolkata



### 2011-2012:

- Inaugurates two new plants, each with a capacity of 1.5 million tonnes: one at Dadri, Himachal Pradesh, and other at Nalagarh, Himachal Pradesh.

### Financials:

#### Five year performance

	2010 (18 months)	2011	2012	2013	2014
Sales	6268	5705	6235	7077	7390
Operating profit	2247	2239	1954	2122	2071
Cash profit	2168	2163	1922	2100	2049
Profit before tax	1842	2712	1970	1803	1662
Profit after tax	1503	1769	1402	1218	1264
Gross block	5177	5928	7654	8939	9709
Net worth	3484	4655	5669	6468	7330
Debt	865	330	289	166	65.03
Cash EPS	14.92	14.26	12.62	13.78	13.39
EPS. Basic	10.12	11.64	9.21	8.00	8.28
Dividend	165	175	110	120	130
Capacity(mt)	16.30	18.50	22	22	25
Production(mt)	22.63	16.86	17.75	18.83	20.1

### SWOT Analysis

#### Strength

- High Growth rate of CAGR 9% in last 5 years
- Growing Domestic cement consumption at approx CAGR of 8% in last 3 years

- Highly Capital Incentive so difficult for small entrant
- Not much restriction by govt.
- Market consolidation taking place

### Weakness

- High Oil Prices, Cost of Power increase production cost
- Supply exceeds Production lead to competition in price
- Low Quality as compared to international standard but improving.

### Opportunity

- High Mortgage Penetration - Low Interest Rates
- Easy loan availability for housing finance
- Increased investments in Infrastructure
- Increased govt. outlay on BHARAT NIRMAN, GOLDEN QUADRILATERAL etc

### Threat

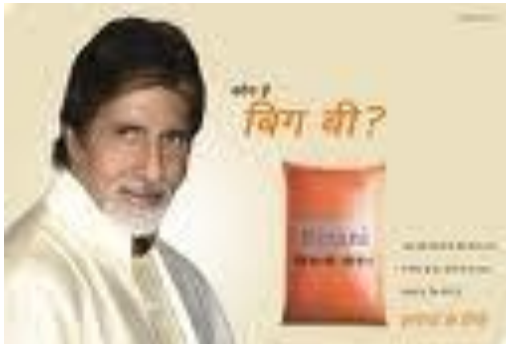
- Further Hike in Oil Prices
- Use of plastic engineering in construction
- Sub prime market loss may affect

## COMPETITORS

### 1.ACC LIMITED



## 2. BINANI CEMENT



## 3. J.K. LAXMI CEMENT



## 4. ULTRA TECH CEMENT



## 5. BANGUR CEMENT



## 6. LAFARGE



## 7. ROCKSTRONG CEMENT



## 8. MANGALAM CEMENT LTD.



## 9. SHRI RAM CEMENT



## **1.2 OBJECTIVES OF THE STUDY**

The main objective of the project was as follows:-

- To find out the market position & brand image of Ambuja Cement at West Delhi.
- To study consumer behavior & their perception.
- To know about their most favourite brand.
- To know about the sales promotion activities that help attracting the customers.
- To study about existing brands in delhi (West zone).
- It was done with the help of questioner, survey & current information of the company & taking into consideration the current market scenario of the cement industry at West Delhi.

## CHAPTER 2: LITERATURE REVIEW

**Yoshik Yon(2005)** studied the effects that motivation & satisfaction have on the loyalty of a customer: it investigated the relevant relationships between the entities by using a structural equation modeling approach. Consequently, destination managers must try to achieve a greater satisfaction percentage level to create an optimistic post-purchase behavior, in order to improve & sustain destination competitiveness.

**David Hilstead (1994)** studied the Focuses of a Cement Company in Australia. The practices that it adopted in Management & operations at ground level to improve its overall efficiency in manufacturing cement. He studied the profound effect of these small ground level changes on the overall growth of the company.

**James Y.L. Thong (2006)** studied the effects of post-adoption beliefs on the expectation-confirmation model for information technology continuance. It carefully investigated the impact that IT has on the production capacity of a company at different levels. It also established a direct relationship that introduction of IT has on the motivation level of employees. The study also encapsulated a lot of other factors like the changes or mechanisms introduced by rival companies in order to combat the recent developments adopted by the leading company in their domain. The significant effects of adoption of new state of the art technology on the performance of the company

**Marsha L. Richins (2002)** Post-purchase product satisfaction: Studying the effects of the time & involvement provided by a company to its customers on these customers. Involvement & satisfaction Factors were gauged in a cross-sectional & a vertical study of car owners. Overall, consumers who have a greater product involvement showed considerably higher satisfaction with their cars than low-involvement consumers over their ownership. However, in the 3-month period after purchase, consumers with high product involvement showed a decrease in satisfaction, whereas low-involvement consumers' satisfaction improved. The reason for discord in these changes was studied. Benefits & problems mismatch were found to make independent contributions to satisfaction judgments, and the strength & form of contribution varied with product involvement. These findings suggest that benefits & problems disconfirmation need to be measured individually in satisfaction research

**Richard Olaman (2001)** A deep study of the impact of price , service personnel behavior and after-sale service on the satisfaction level of customers was made. The response was measured in 3 time domains. One at the time of purchasing , second 2 months after the purchase and lastly 6 months after the purchase. The quality of product used also was different in different scenarios. It was observed that ‘Quality’ as a factor overshadows all the other factors. In the shorter time frame the factors like after sale service and behavior of Service personnel matters but in the long run Quality plays a very important role for satisfying the customers.

**Martha Aller (2002)** examines short lived changes in post-purchase product satisfaction for durable goods purchase. Involvement & satisfaction variables were gauged in relation to the Brand’s after sale service & continued efforts to compensate customers for its faulty products. A number of companies offering products in the same vertical were under the study. Their after sale service & their different methodology to delight their existing customer base was measured against the customer’s behavioural response to this. It was observed that price was not an important factor in customer’s mind when it came to forging long term relationship with a brand. After sale service & continued efforts made by companies to delight customers played a substantial role in turning customers into loyal customers. The company which offered the best after sale service & had the most responsive staff was able to retain & increase its customer base.

## CHAPTER- 3 RESEARCH METHODOLOGY

### PROJECT PROFILE:

The project entitled "**Consumer's Behaviour on Ambuja Cement in West Delhi region**" revolves around the customer, who is the optimal decision maker of a firm's future.

Cement is a very core product and is widely used by a wide range of customers. It is paramount to a company to better understand the needs and expectations of its customers. Only by that can a company formulate strategies to better capture these customers

Earlier more focus was given to profit and the process which was used by the company. But now the approach has changed , now the companies are more customer centric. Any changes or developments made by a company is focused on how to delight the customers. It could either be by producing good quality innovative products or by proving high level of customer service. A keen eye on the competitor's move is also very important

This is a cut throat competition and a company can gain competitive edge over its competitors only by adopting IT , implementing state of the art process , continuous innovation , manufacturing superior quality product to the customers and finally by providing good service to the consumers

Hence this project aims to analyze how a cement manufacturing company can create value to all its stakeholders to achieve a leading position in the market. If a company wants to achieve success it has to focus on a number of factors. First it has to take into account the customer needs and expectations in its mind and formulate its whole strategy based on it. However in order to get a competitive edge over its competitors a company has to be good in other fields as well. It should try to forge excellent relationships with suppliers and other related sources for ancillary materials. Building relationships takes years , it cannot be done in a span of a year or so. Company must also focus on maintaining a good ethical image in front of its stakeholders.

A Company must also pay attention in making a good overall network with other related companies which might affect its performance in myriad ways. It must completely adhere to the rules and policies that are complied with in that particular sector. There should be a complete agreement to these sets of policies and practices. This forms the basic fabric on which the whole relationship is woven.



CSR and Sustainable development are 2 factors which are increasingly given importance now a days. A company must make sure that in its whole operation it is not harming the environment in any way. All the process and operations must be within the legally allowed limits set by the government. Ambuja takes proper care in these things. All its emissions are well under the authorized limits plus it has adopted new technology to manufacture cement which is not only efficient but it also doesn't pose any threat to the nature

Research Methodology:

### Data Collection Methodology

Because Cement is such a core product and has widely been bought or used by almost every other person , therefore our focus for collecting data was on each and every person who had directly or indirectly been involved in the sale and use of cement.

### Sample Plan

To know the position & perception of AMBUJA Cement in the WEST DELHI region regarding sales & brand equity in comparison with the other brands on the basis of attributes of cement has been done in this project.

This might be very helpful in painting the right picture about the current market scenario in Cement Industry. The survey is done by the help of Questionnaire method and survey. It is conducted in the West Delhi Region.

Sample size:

100(End consumer)

Data Collection:

### Primary Data

Primary data for this projected was collected by using Survey method. Respondents were basically those people who have used or purchased Cement directly or indirectly in their lifespan. Therefore all the respondents were elderly people mostly above 35 who have witnessed and experienced work in this field and some workers who are engaged in the ground work of building infrastructure. Well format structured Questionnaire was used to collect data from the respondents. There were total 10 Questions in the Questionnaire. Along

with that informal unstructured interview was used to extract meaningful insights from the respondents. Most of the respondents were directly contacted and some were contacted on phone

#### Secondary Data:

Secondary data was collected from a number of different mediums including internet , Magazines, several documents , reports and newspapers. Studying and observing the marketing for cement, marketing conditions, brief details of AMBUJA Cement & other competitors, price, quality, & other strategy & planning, specification in relation to other cement companies, all other information which can be useful to complete this project.

### **SCOPE OF THE STUDY**

The research had been conducted in DELHI WEST Region. We contacted consumers in different areas of Delhi city for fieldwork.

The research not only partially fulfilled the requirement of MBA degree program but also learned a lot in the field of marketing research. This project gives an opportunity of implementing his theoretical knowledge of management curriculum in practical life & will learn a lot from practical experiences during this research.

**Type of Research** – Exploratory

**Type of Data** – Primary

**Method of Data collection** – Survey

**Research Instrument** - Structured Schedule

**Sampling Method** – non parametric

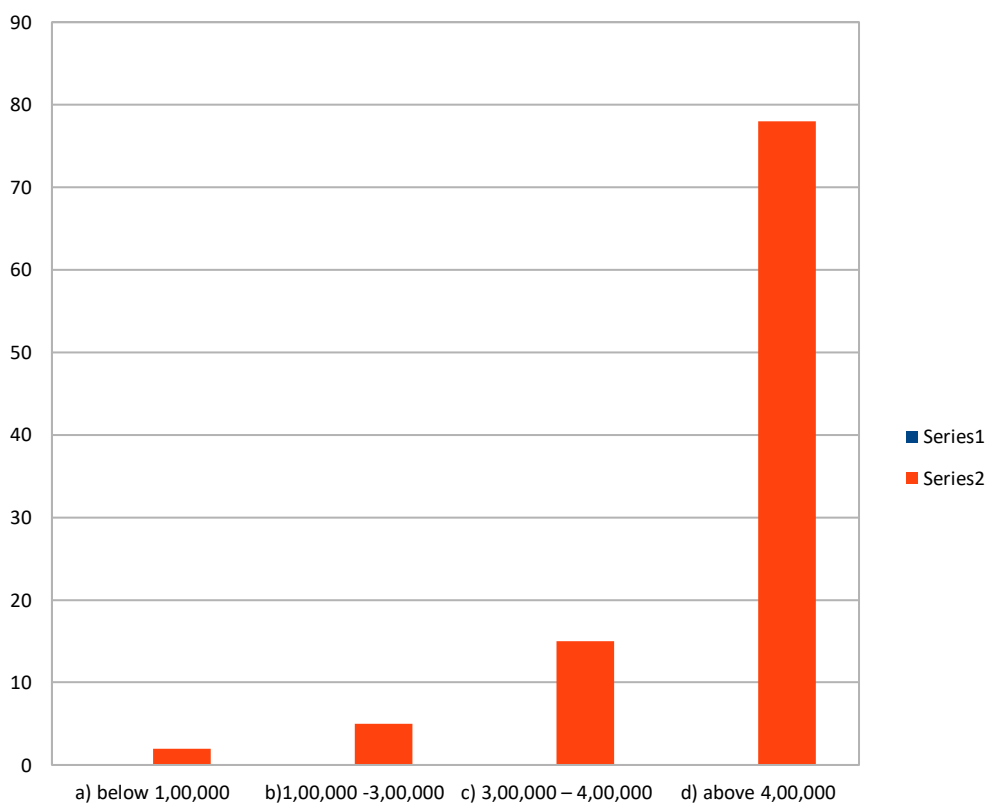
**Sample Size** – 100

**Sampling Unit** – End consumers

## CHAPTER 4: Data Analysis & Interpretation

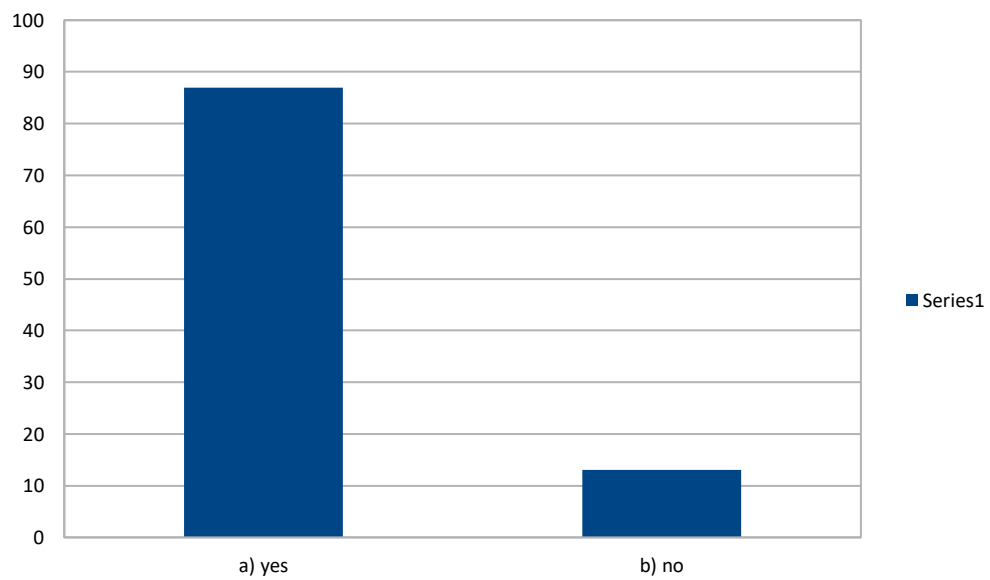
Ques 1: Annual Income?

- Below Rs.1,00,000
- Rs.1,00,000 – Rs.3,00,000
- Rs.3,00,000 – Rs.4,00,000
- Above Rs.4,00,000



Ques2. Have you ever purchased cement?

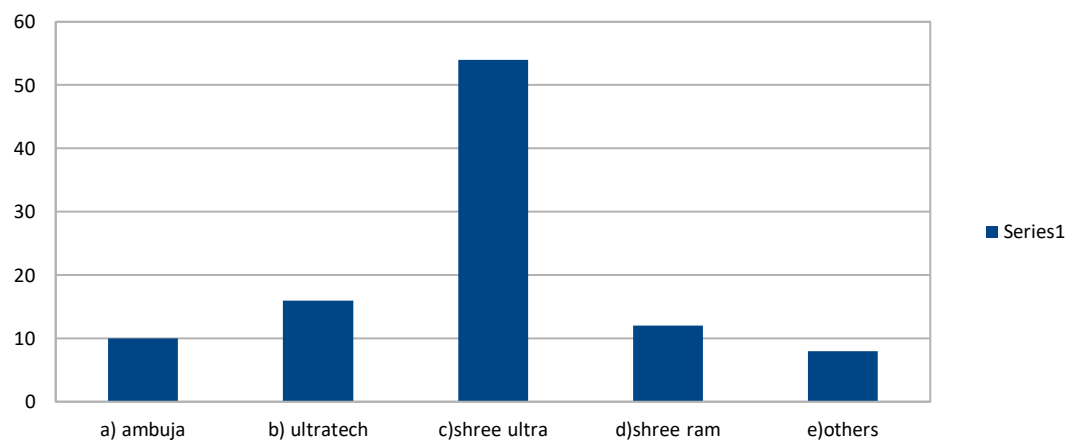
- Yes
- No



From the above graph, we can see that majority of consumers have purchased cement.

Ques3. Which brand of cement do you prefer?

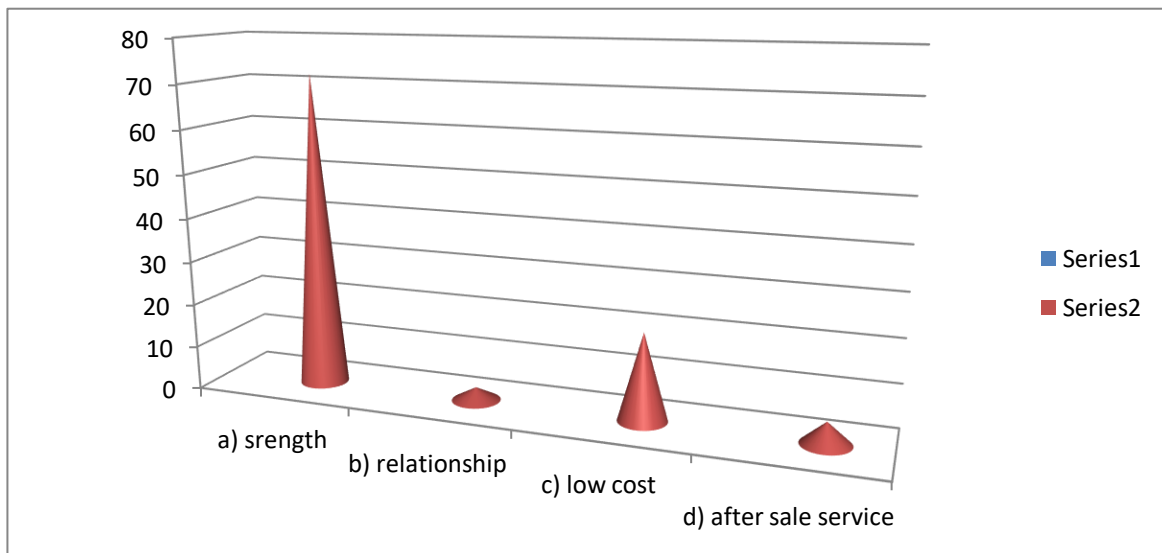
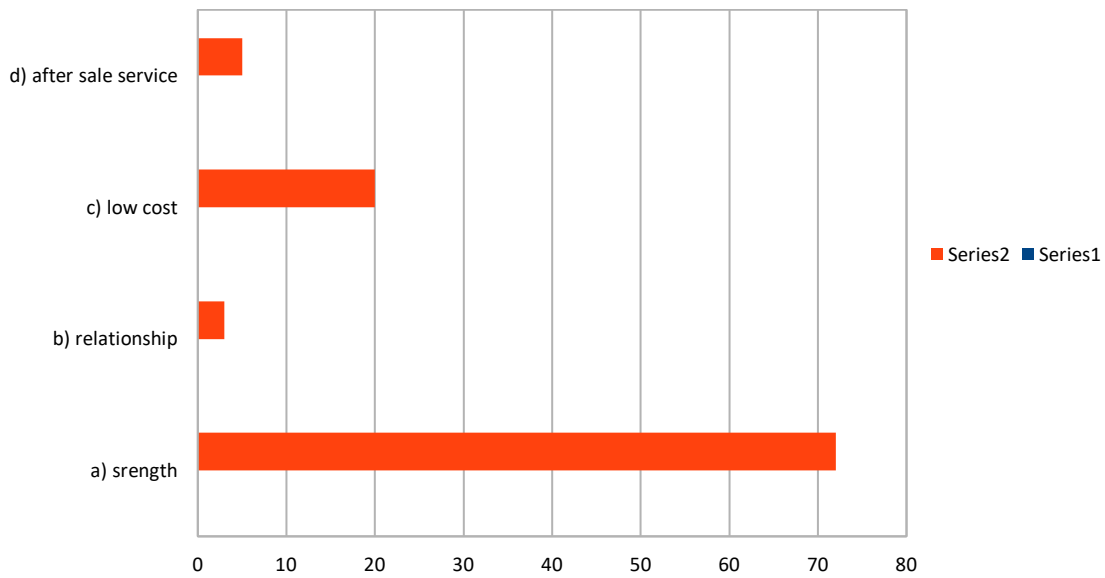
- Ambuja
- Ultratech
- Shree ultra
- Shree ram
- Others



According to the consumers of the West region, Shreeultra(54%) have more preference over the other brands like Ambuja (10%), Ultratech(16%) , Shreeram( 12%)&others (Binani, J.K., 8%).

Ques4. What are the reasons for your preference?

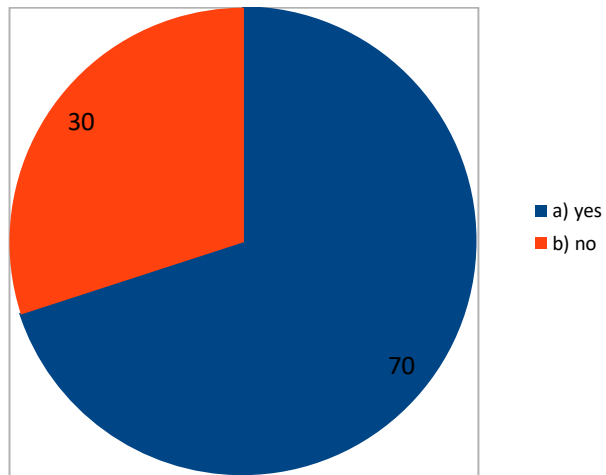
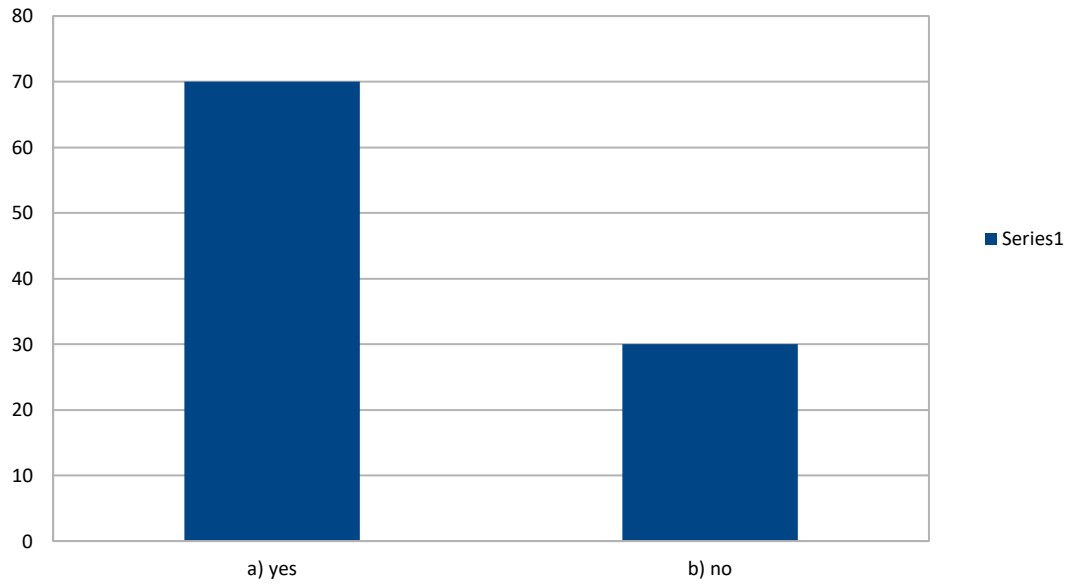
- Strength - 72
- Relationship - 3
- Low cost - 20
- After-sales service – 5



On asking the question, we recognized that strength plays an important role while choosing a particular brand.

Ques5. Are you aware about the different varieties of cement?

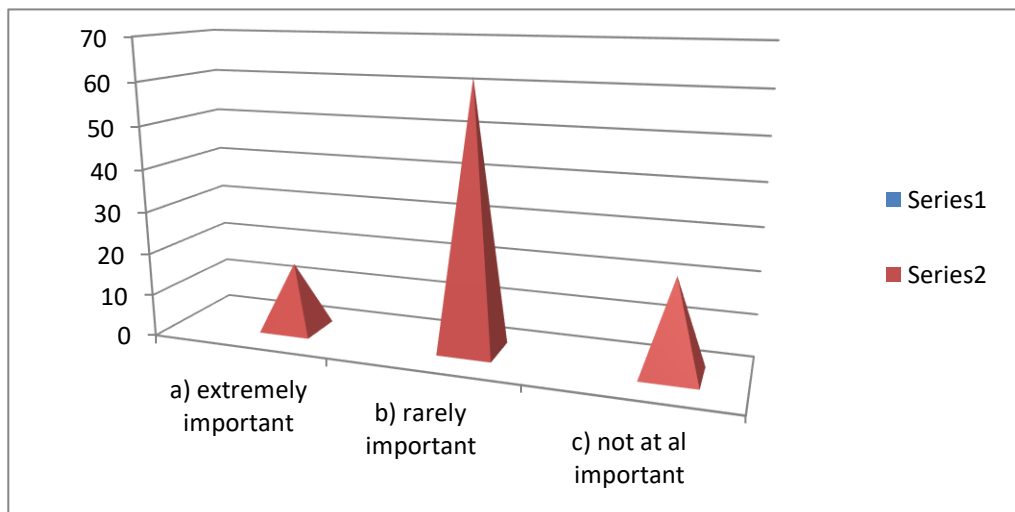
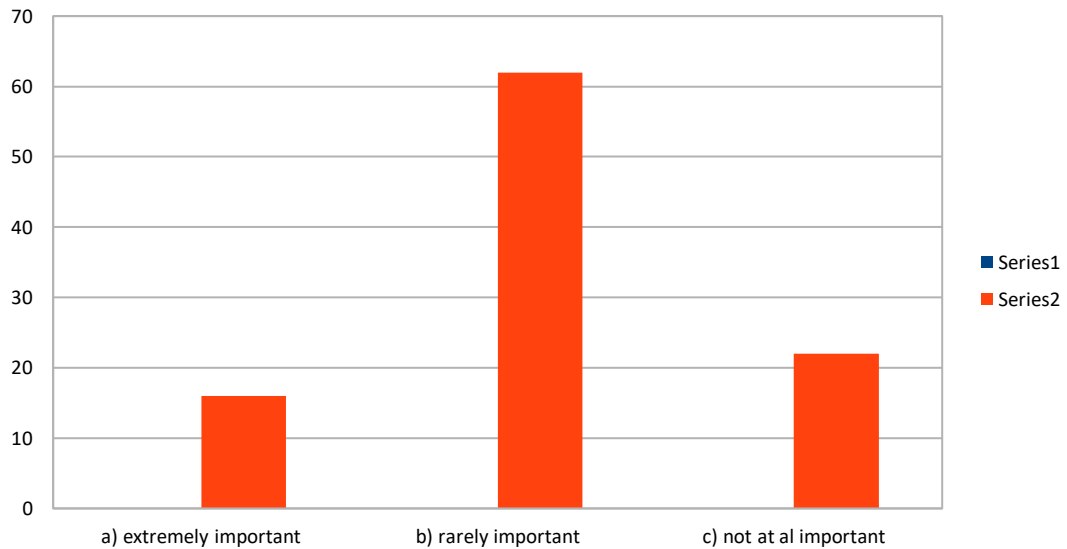
- Yes – 70
- No – 30



Majority of the consumers are aware about the different varieties of cement like OPC&PPC (43,53).

Ques6. How important is price for you while buying the cement?

- Extremely important – 16
- Rarely important – 62
- Not at all important – 22

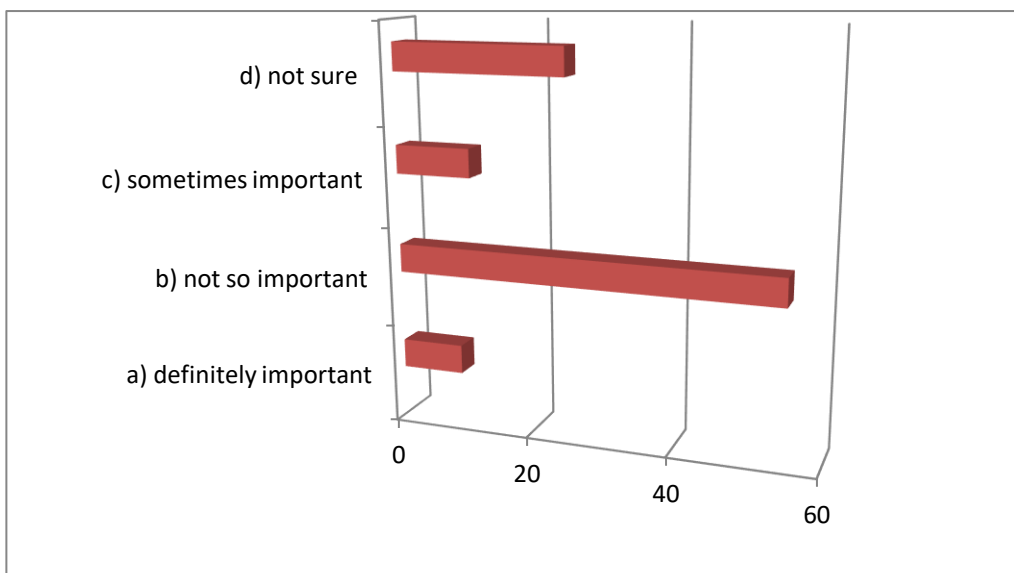
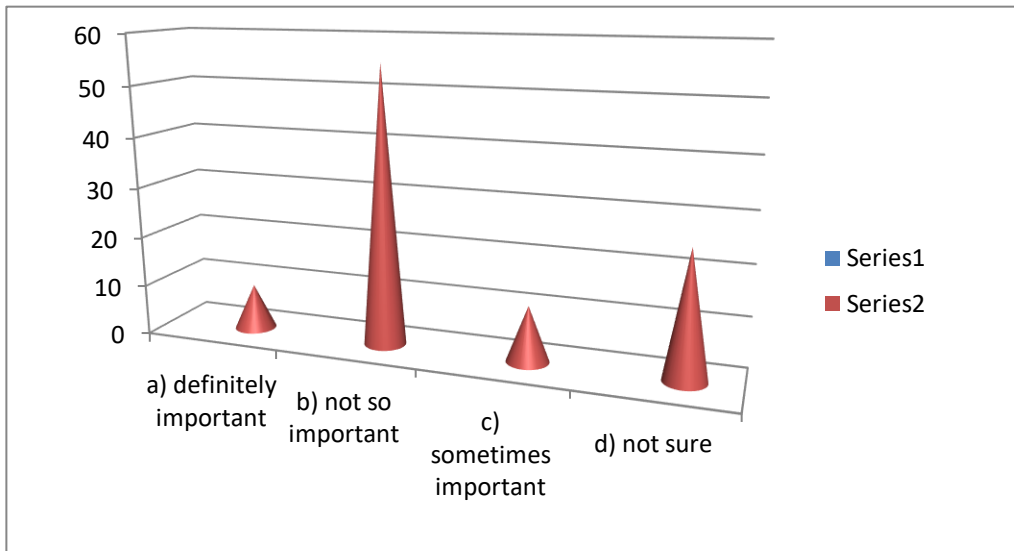


The above graph depicts that, around 62% of the consumers believe that price is rarely important while buying the cement. Only a small section of consumers i.e. around 16% find price as an extremely important factor while buying cement. This shows that consumers are not price-conscious.



Ques7. Do you consider the colour of the cement as an important factor for buying cement?

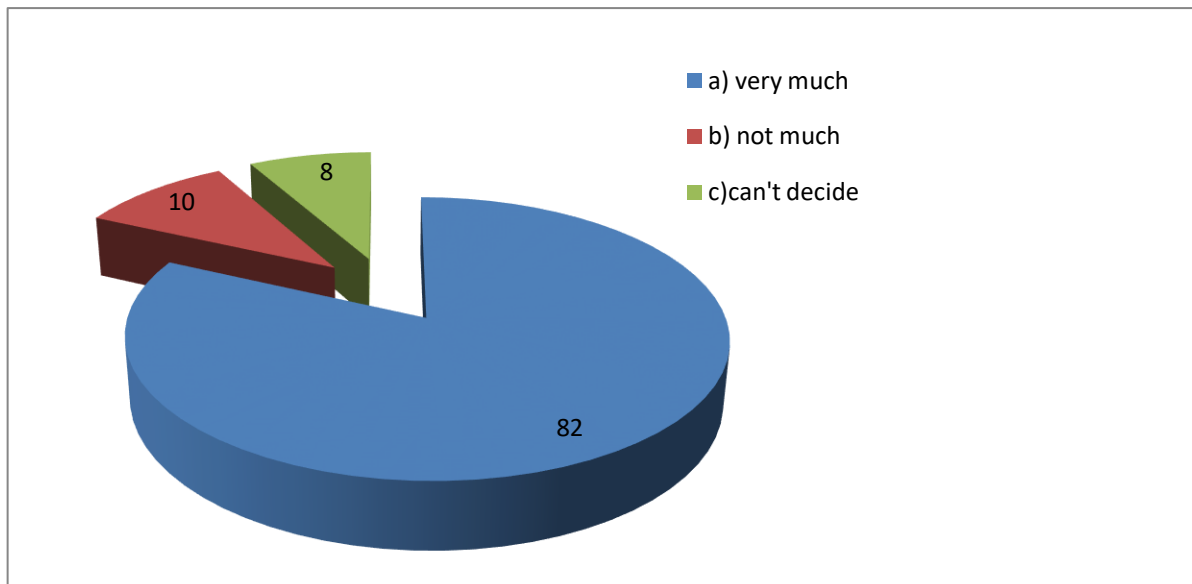
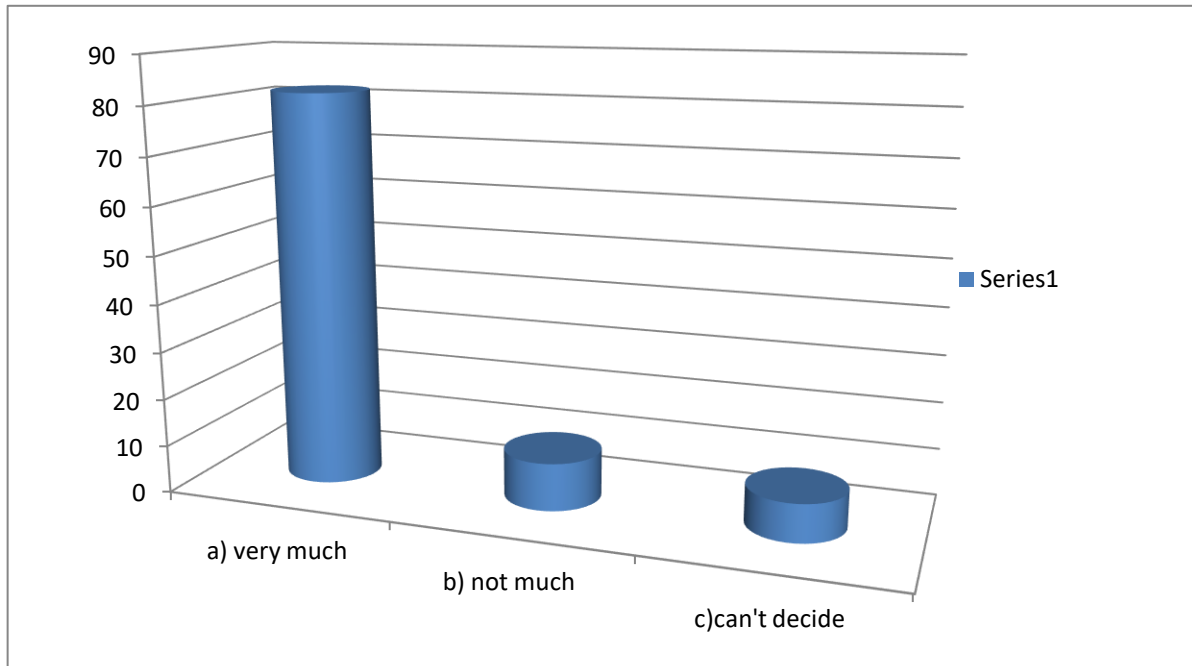
- Definitely important - 9
- Not so important – 55
- Sometimes important – 11
- Not sure - 25



The above graph shows that the colour of cement is not an important factor.

Ques8. Do you consider quality as a major factor while buying cement?

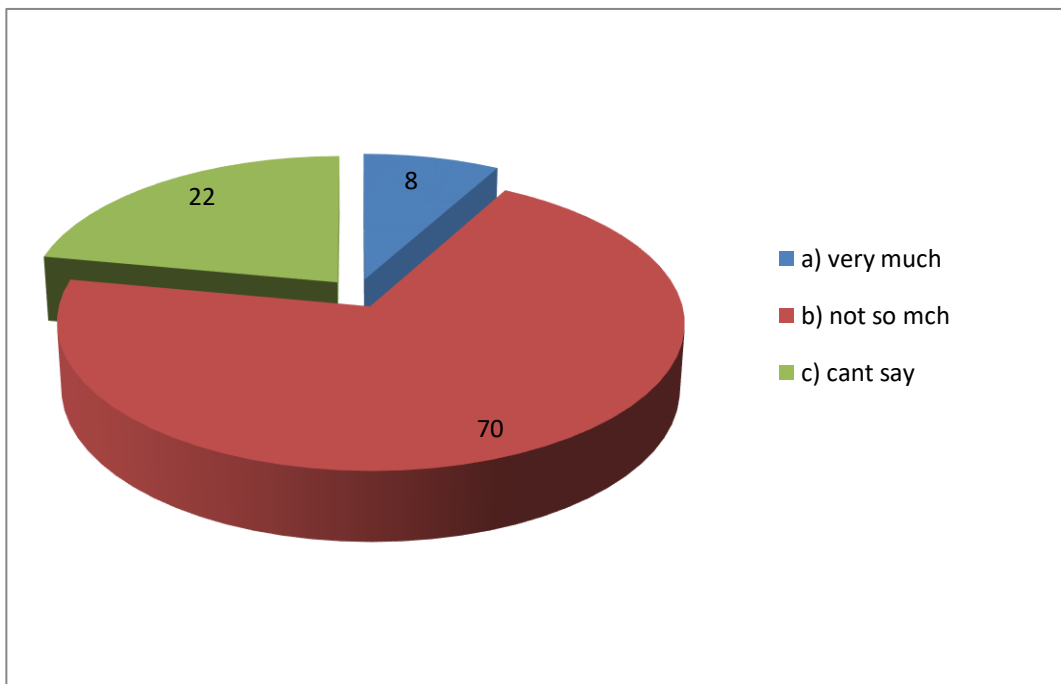
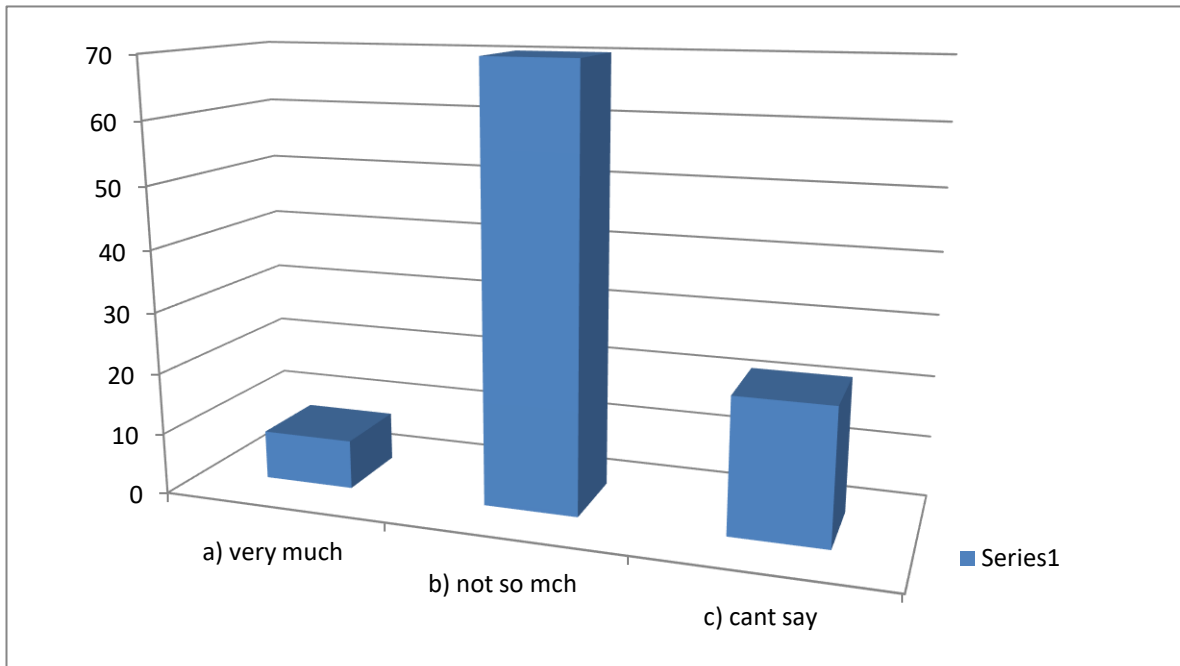
- Very much- 82
- Not much-10
- Can't decide- 8



While buying the cement, the consumers are very much concerned about the quality of the cement. Thus the quality of cements is one of the major factors in the minds of consumers while purchasing cement.

Ques9. Do you think that attractive packaging is an important factor while buying cement?

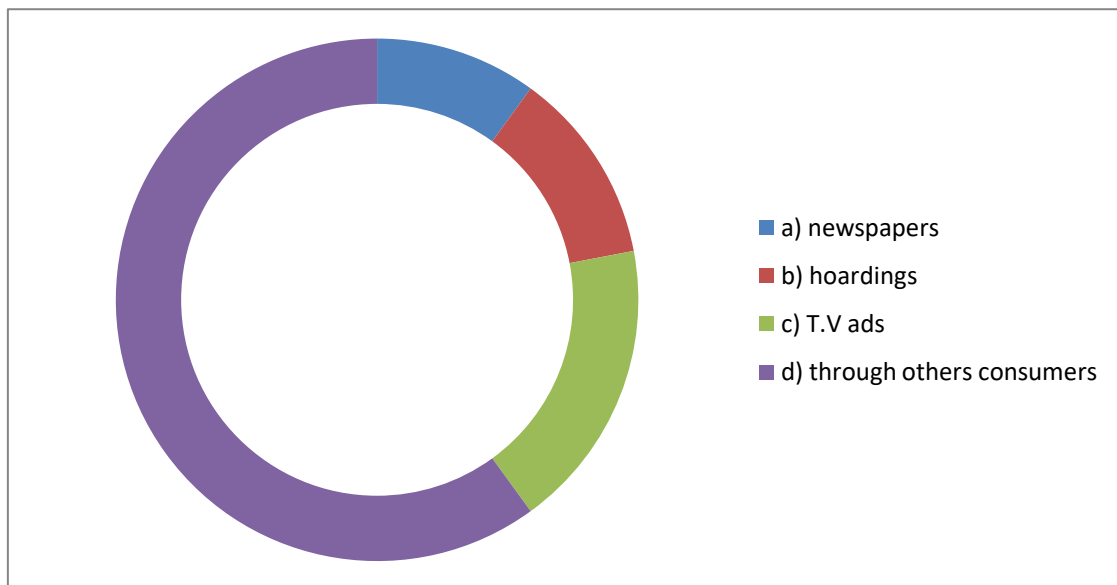
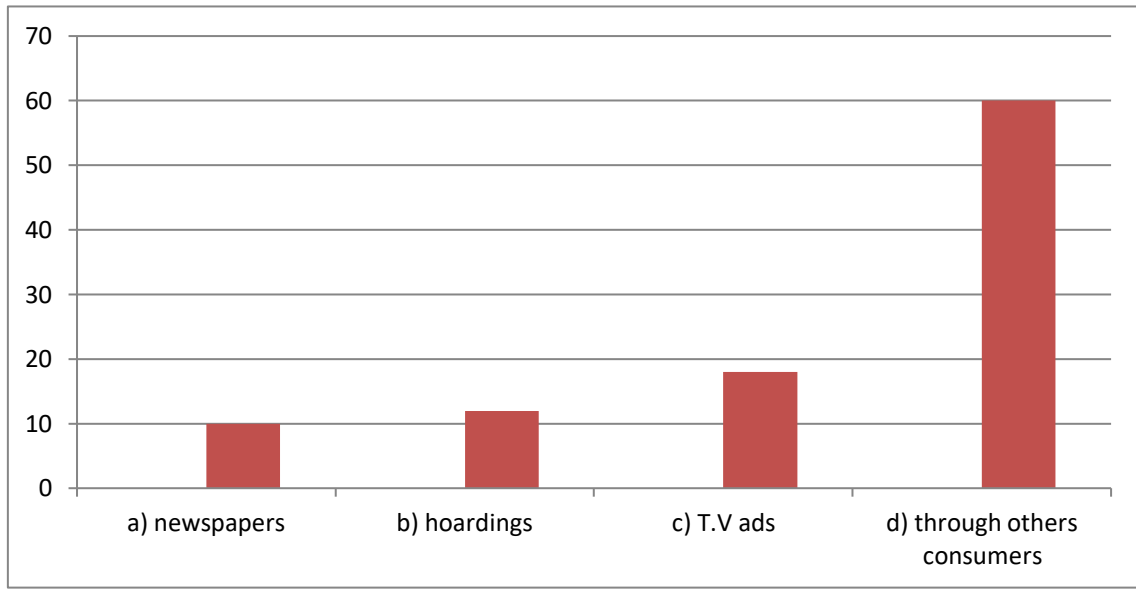
- Very much – 8
- Not so much – 70
- Can't say – 22



Majority of the consumers feel that attractive packaging is not so important (70%).

Ques10. Which medium of information made you aware about Ambuja Cements?

- Newspaper – 10
- Hoardings – 12
- T.V. ads – 18
- Through other consumers – 60



From the above graph we can see that the most appropriate medium of information is through other consumers i.e. 60%. While other medium includes, newspapers(10%), hoardings(12%)&t.v. ads (18%).

## Findings And Conclusions

1. Extra feature: there is an extra feature added in shree ultra that is red oxide.
2. The consumers are influenced by dealers as well as masons.
3. Pricing positions of major players:

<b>BRAND</b>	<b>PRICES(in Rs)</b>
<i>AMBUJA</i>	<i>380-390</i>
<i>SHREE ULTRA</i>	<i>360-365</i>
<i>SHREE RAM</i>	<i>385</i>
<i>ULTRATECH</i>	<i>375-380</i>

4. According to the consumers- they say Ambuja cement is better in winters.
5. If the consumer's requirement is of buying 20 or 30 bags of cement, they can't purchase because retailers over there say, the minimum order they can place is of 100 bags & not less than that.
6. Shree ultra has a stronger market share in Delhi (West). That's why most of the consumers prefer this brand other than Ambuja.
7. Cement brands like Ultra tech & Shree ultra give close competition to Ambuja.

## Conclusion

### Summary of learning experience

The main motive of the project work on AMBUJA CEMENT is to prepare the general note of its outline process. Most of all the data is being collected from primary as well as secondary data.

- ✚ By this survey we now have got a good ground idea regarding the consumer behavior towards buying cement. The suggestions made would surely help the company.
- ✚ After the survey we realized that for a Cement Company to grow it needs to have a good networking with the local masons and builders rather than having a good marketing strategy.
- ✚ Knowledge regarding various marketing cells like-planning, logistics, channel, KAM, CSG, accounts gave us a brief overview of how actually a Cement company works.
- ✚ Market share of a cement company may be really high in a state but it varies widely across its cities.
- ✚ The entire project showered lights on major market players & the reasons why they are being most preferred by the customers & the ways by which Ambuja can improve its strategies to overcome the coming problems.

### Limitation of The Study

- Lack of co-operation by the respondents in giving their time for answering questionnaire.
- It was found in many cases that word of mouth played a very significant role in influencing the mind of the respondents as compared to the marketing strategy.
- It was experienced during the survey that it was difficult to convince or make consumers understand the importance of the project for them to be receptive to us.
- Sometime the emotional attachment & brand loyalty of respondents prohibited to give correct information.
- The choice of people was largely influenced by the Builder's choice which in turn was affected by builder's relationship with the shopkeeper.

## Suggestions

- The most important thing we have analyzed that no company has yet started selling Grey Cement in small bags i.e. there are no variations in packaging bags like 5kg , 10 kg, 20kg&last 50kg , so if AMBUJA started that small packaging then it give more brand recognition & helps in gaining more market share .
- Company should pay more attention toward marketing strategies.
- Company should provide effective offers & gifts to attract more consumers & Influencers. Also put a proper check of the distribution of those offers & gifts to mason & contractors.
- For customer care Services Company should starts its mobile van facilities which must be easily approachable to consumers & influencers.
- Company should organize seminars, conferences; Mason meetings & dealers meet to promote sales quarterly, & company should make efforts for the maximum participation of all those.
- By giving some gifts & best wishes cards to the “Customer – Owner of the house” Company can improve sales & brand loyalty.
- Company should start its online customer support for its valuable customers by which they can directly interact with company experts.



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## **Annexure:**

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- Yes
- No

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