

**PRESS RELEASE**

**December 30, 2025**

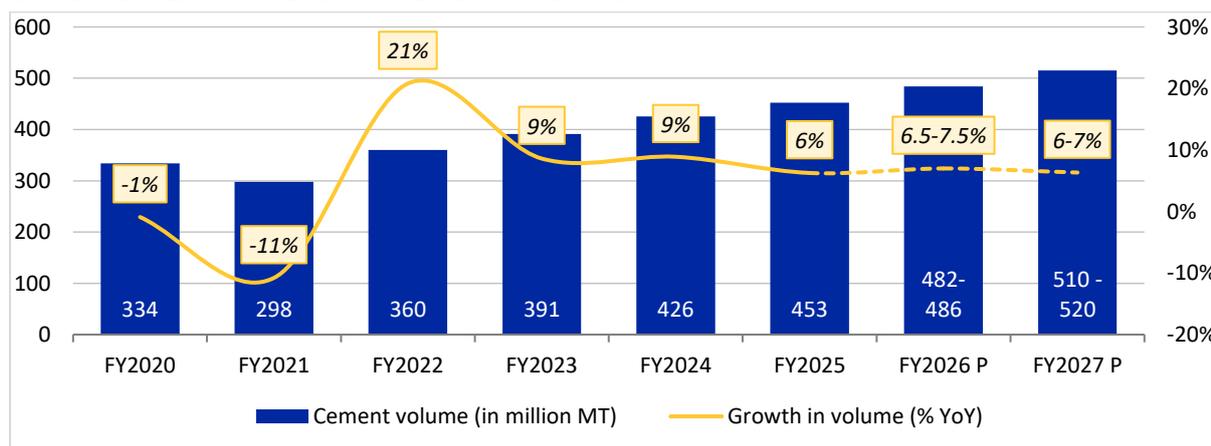
**Cement volumes to expand by 6-7% in FY2027: ICRA**

- Industry to add 85-90 million MTPA capacity during FY2026-FY2027
- OPBIDTA/MT estimated at Rs. 880-930/MT in FY2027

Rating agency ICRA projects India’s cement industry to record a 6-7% growth in volumes in FY2027, supported by sustained demand from housing and infrastructure sectors, after a 6.5-7.5% rise in FY2026 (on a higher base in H2 FY2025). Cement demand remained strong, with volumes expanding by 8.5% in 8M FY2026, aided by robust construction activities. With post-monsoon construction expected to pick up pace, a sequential improvement in demand is likely to take place in H2 FY2026. Additionally, GST reduction on cement, along with continued focus of the Government on infrastructure spending, is expected to bolster demand momentum through FY2026 and FY2027. Amid healthy demand prospects, major cement companies are expanding their capacities, both through the organic and the inorganic routes, to further strengthen their market share. The industry is expected to add 42-44 million MTPA capacity in FY2027, after 43-45 million MTPA capacity addition in FY2026.

Giving more insights, **Anupama Reddy, Vice President and Co-Group Head, Corporate Ratings, ICRA**, said: “Some regions such as North and Central India are likely to witness higher capacity utilisation than the national average of about 70%, while the southern region may continue to witness relatively moderate utilisation due to capacity overhang. Recent merger and acquisition (M&A) activities in South India — including acquisitions of Penna Cement and Orient Cement by the Adani Group and India Cements by UltraTech — have enhanced the regional and pan-India presence of these large players. Overall, capacity utilisation of the industry is projected to remain stable at 70-71% in FY2027, similar to FY2026, on an expanded base.”

**EXHIBIT 1: YEARLY TRENDS IN CEMENT VOLUMES**



Source: ICRA Research; P: Projections

ICRA expects cement prices to rise by 2-4% on an average in FY2027, following a 3-5% increase in FY2026, supported by strong demand; this comes on the back of a 7% decline in FY2025 on account of muted activities in H1 FY2025. Blended realisations have already increased by ~5% in 8M FY2026 on a YoY basis, with upward revisions across most regions except the West. On the other hand, input prices are expected to see a marginal uptick in FY2027, resulting in some moderation in earnings.

Moreover, input prices, especially pet coke and freight, are linked to global crude prices, which in turn are exposed to international geopolitical dynamics and commodity price movements.

*“ICRA maintains a Stable outlook for the cement sector. The OPBIDTA/MT for ICRA’s sample set of cement companies<sup>1</sup> is estimated to moderate slightly to Rs. 880-930/MT in FY2027, after a 12-18% increase in FY2026 to Rs. 900-950/MT, driven by rising input costs. Despite this correction, the credit profiles of large cement producers are expected to remain stable, driven by a healthy growth in operating income, steady operating margins and comfortable leverage metrics.” Reddy added.*

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<sup>1</sup> ICRA’s sample includes ACC Limited (ACC), Ambuja Cements Limited (ACL), JK Cements Limited (JKCL), JK Lakshmi Cement Limited (JKLC), The Ramco Cements Limited (RCL), UltraTech Cement Limited (UCL), Dalmia Bharat Limited (DBL), Birla Corporation Limited (BCL), Shree Cement Limited (SC), Sagar Cements Limited (SCL), and Heidelberg Cement India Limited (HCL), which cumulatively account for 74% of industry capacity.