

INDIAN CEMENT INDUSTRY

**Rising input costs amid West Asia
tension to compress OPBITDA/MT to
Rs. 820-870/MT in FY2027**

MAY 2026





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The ongoing conflict in West Asia is expected to result in increase in input costs, thereby impacting the operating profitability of the cement sector.

ICRA's sample set is projected to witness a decline in OPBITDA/MT by 10-15% to Rs. 820-870/MT in FY2027. However, the debt protection metrics are likely to remain comfortable.



Power, fuel and selling costs constitute around 50-55% of the total operating costs for cement companies. The ongoing geopolitical tension in West Asia has raised global crude oil prices, increasing the key input costs such as petcoke, diesel and polypropylene for cement companies, which is likely to weigh on the operating profitability.



On the **power and fuel front**, the sector depends on coal/petcoke for clinkerisation and for operating captive thermal power plants. The West Asia conflict led to a sharp rise in petcoke prices (19% MoM in April 2026). While coal prices remain stable at present, an upward trajectory is anticipated. ICRA expects the power and fuel costs for the cement sector to grow by 10-12% in FY2027.



On the **distribution side**, the cement companies majorly rely on road networks for the transportation of cement to end customers as well as for the movement of raw materials to manufacturing facilities. In addition, polypropylene bags, the standard packaging material for cement are experiencing a sharp price surge. Thus, the selling costs are expected to increase by 6-8% in FY2027.



The **operating profitability** of ICRA's sample set is likely to moderate, with OPBITDA/MT declining by 10-15% to Rs. 820-870/MT (FY2026 E: Rs. 950-980/MT), due to expected higher fuel and selling costs amid the ongoing West Asia conflict, with further downside risks if crude-linked cost pressures persist. Despite moderation in operating profitability and increased debt levels associated with the ongoing capex, the debt protection metrics are expected to remain comfortable. ICRA maintains a Stable outlook on the sector.



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