



INDIAN CEMENT SECTOR

**Cement prices lower by 7% YoY in
Q4 FY2024**

APRIL 2024



1 Trends in cement production



2 Region-wise trends in cement prices



3 Trends in input cost



4 Outlook



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In February 2024, cement volumes stood at 37.9 million MT, higher by 10% YoY.

In 11M FY2024, the volumes increased by 9% YoY to 384 million MT.



- **Outlook:** ICRA continues to have a Stable outlook on the Indian cement sector.



- **Cement volumes higher by 10% YoY in February 2024:** In February 2024, cement volumes were higher by 10% YoY at 37.9 million MT. Overall, in 11M FY2024, the volumes increased by 9% YoY to 384 million MT. In FY2024, the volumes are likely to grow by 9-10% to 425-430 million MT, supported by demand from the urban housing and infrastructure sectors. In FY2025, ICRA expects the volumes to grow by 8-9% to 460-465 million MT.



- **Average cement prices declined by 8% YoY in March 2024:** In March 2024, the average cement prices decreased by 8% YoY to Rs. 340/bag. In FY2024, the average prices were at around Rs. 365/bag compared to Rs. 375/bag in FY2023.



- **Coal, pet coke and diesel prices lower in April 2024 on a YoY basis:** Coal prices in April 2024 declined by 54% YoY to \$121/MT and pet coke prices were lower by 19% YoY at Rs. 11,810/MT. Diesel prices declined by 2% YoY to Rs. 88/litre. In FY2024, the prices of coal, pet coke and diesel were lower by 47%, 33% and 1%, respectively, on a YoY basis, resulting in lower input costs.



- **Easing of input costs to improve operating margins:** With the easing of cost-side pressures, the operating margins are likely to improve by 290-340 bps YoY to 16.3–16.8% in FY2024 and further by 80-100 bps to 16.8-17.3% in FY2025 from 13.4% in FY2023.



ICRA Analytical Contact Details

Name	Designation	Email	Contact Number
Rajeshwar Burla	Group Head	rajeshwar.burla@icraindia.com	040 – 6939 6443
Anupama Reddy	Co Group Head	anupama.reddy@icraindia.com	040 – 6939 6427
Abhishek Lahoti	Sector Head	abhishek.lahoti@icraindia.com	040 – 6939 6433
Hemanth Vasishtha Attaluri	Senior Analyst	vasishtha.attaluri@icraindia.com	040 – 6939 6419





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development - Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development - Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	vinita.baid@icraindia.com	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head – Media & Communications	communications@icraindia.com	0124-4545860





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