

INDIAN CEMENT SECTOR

Coal and petcoke prices decline by
46% and 33% in 10M FY2024
thereby aiding cement companies'
cost structure

JANUARY 2024



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Cement volumes in November 2023 stood at 30.2 million MT, lower by 4% YoY.

In 8M FY2024, the volumes increased by 10% YoY to 273 million MT.



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



- **Cement volumes lower by 4% YoY in November 2023:** In November 2023, cement volumes were lower by 4% YoY at 30.2 million MT. Overall, in 8M FY2024, the volumes increased by 10% YoY to 273 million MT. In FY2024, the volumes are expected to grow by 9-10% to around 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 around 460-465 million MT.



- **Average cement prices decreased by 3% YoY in December 2023:** In December 2023, the average cement prices decreased by 3% YoY at Rs. 370/bag. In 9M FY2024, the average cement prices were at around Rs. 370/bag compared to Rs. 375/bag in 9M FY2023.



- **Coal and pet coke prices lower in January 2024 on a YoY basis; diesel remains stable:** Coal prices in January 2024 declined by 59% YoY to \$126/MT and pet coke prices were lower by 29% YoY at Rs. 12,380/MT. Diesel prices in January 2024 remained largely similar on a YoY basis and MoM basis at Rs. 90/litre. In 10M FY2024, the prices of coal, pet coke and diesel were lower by 46%, 33% and 1%, respectively, on a YoY basis, resulting in lower input costs.



- **Easing of input costs to improve operating margins:** With the expected easing of cost-side pressures, the operating margins are likely to improve by 260-310 bps YoY to 16.0%-16.5% in FY2024 and further improve by 80-100 bps to around 16.8-17.3% in FY2025 from 13.4% in FY2023.



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