

# INDIAN CEMENT SECTOR

---

**Aggregate OPBITDA/MT of major cement players to improve by 12-18% to Rs. 900-950/MT in FY2026**

**September 2025**



## 1 Outlook



## 2 Demand Drivers



## 3 Supply Dynamics



## 4 Market Structure



## 5 Trends in Cement Prices



## 6 Trends in Input Costs



## 7 Profitability Analysis



## 8 ICRA Ratings





[Click to see full report](#)

*Cement volumes are expected to grow by 6-7% YoY in FY2026 to 480-485 million MT, driven by sustained demand from housing and infrastructure sectors.*

*The operating margins are likely to improve by 90-180 bps to 16.5-17.5% in FY2026 on account of expected hike in cement prices and stable input costs.*



**Cement volumes:** In 5M FY2026, the cement volumes increased by 8.5% and are projected to grow by 6-7% to 480-485 million MT in FY2026, backed by sustained demand from the housing and infrastructure sectors. In FY2025, the volumes increased by 6.3% to 453.0 million MT.



**Supply addition:** The capacity addition may increase by 41-43 million MTPA in FY2026 (31 million MTPA in FY2025), driven by healthy demand prospects. In FY2026, the eastern region is likely to lead the grinding capacity expansion with the addition of 11-13-million-MTPA capacity. In FY2026, despite an increase in demand, the utilisation is likely to remain stable at 69-70%, on an expanded base.



**Cement prices and input costs:** In 5M FY2026, cement prices have increased by 7.5% YoY; in FY2026, the prices are expected to increase by 3-5%. With the recent GST rate cut from 28% to 18% being passed on to the customers, the consumers are expected to benefit by Rs. 26-28/bag. In FY2026, the input prices are expected to remain stable. However, the trajectory of input prices, especially that of pet coke and freight which is linked to global crude prices, remains a key variable and exposed to geopolitical dynamics.



**Outlook on revenues and profitability:** The volume growth and realisation trend of ICRA's sample, primarily prominent industry players, is better than the broader industry trend. The revenues for ICRA's sample set in FY2026 are estimated to grow by 12-14%, driven by 8-9% volumetric growth and 4-6% price increase. Backed by stable input costs, the OPBITDA/MT is likely to improve by 12-18% to Rs. 900-950/MT and consequently, the operating margins are set to increase by 90-180 bps YoY to 16.5-17.5%.



**Outlook on debt protection metrics:** Despite high debt requirements for the ongoing capex, the repayments/pre-payments by major cement companies is expected to lower the overall debt levels by 3-5% in FY2026. This, coupled with a projected improvement in earnings, is expected to result in comfortable debt protection metrics in FY2026, with leverage (TD/OPBITDA) and debt coverage metric (DSCR) of 1.2-1.3x and 3.6-3.7x, respectively.



ICRA

# Analytical Contact Details

Name	Designation	Email	Contact Number
Ashish Modani	Senior Vice-President & Group Head	<a href="mailto:ashish.modani@icraindia.com">ashish.modani@icraindia.com</a>	022 – 6169 3300
Anupama Reddy	Vice-President & Co-Group Head	<a href="mailto:anupama.reddy@icraindia.com">anupama.reddy@icraindia.com</a>	040 – 6939 6427
Maitri Vira	Assistant Vice-President & Sector Head	<a href="mailto:maitri.vira@icraindia.com">maitri.vira@icraindia.com</a>	079 – 6923 3012
Prabhat Anand	Senior Associate Analyst	<a href="mailto:prabhat.anand@icraindia.com">prabhat.anand@icraindia.com</a>	0124 – 454 5329





ICRA

# Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	<a href="mailto:shivakumar@icraindia.com">shivakumar@icraindia.com</a>	022-61693304
Sai Krishna	Head – Research Sales and Investor Connect	<a href="mailto:sai.krishna1@icraindia.com">sai.krishna1@icraindia.com</a>	9840774883
Rohit Gupta	Head Business Development – Infrastructure Sector	<a href="mailto:rohitg@icraindia.com">rohitg@icraindia.com</a>	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	<a href="mailto:vivek.bhalla@icraindia.com">vivek.bhalla@icraindia.com</a>	022-61693372
Vinita Baid	Head Business Development – East	<a href="mailto:vinita.baid@icraindia.com">vinita.baid@icraindia.com</a>	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	<a href="mailto:shivam.bhatia@icraindia.com">shivam.bhatia@icraindia.com</a>	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	<a href="mailto:sanket.kulkarni@icraindia.com">sanket.kulkarni@icraindia.com</a>	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	<a href="mailto:communications@icraindia.com">communications@icraindia.com</a>	0124-4545860







***© Copyright, 2025 ICRA Limited. All Rights Reserved.***

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

# Thank You!