

INDIAN CEMENT SECTOR

**Cement volumes up by 9% YoY in
5M FY2026**

SEPTEMBER 2025



1 Trends in cement production



2 Region-wise trends in cement prices



3 Trends in input cost



4 Outlook



5 ICRA ratings in the sector





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In 5M FY2026, the volumes increased by 9% to 193 million MT on a YoY basis.



- **Outlook:** ICRA maintains a Stable outlook on the Indian cement sector.



- **Cement volumes increased by 6% YoY in August 2025** to 35.6 million metric tonne (MT). In 5M FY2026, the volumes increased by 9% YoY to 193.0 million MT. ICRA expects cement volumes to grow by 6-7% YoY to 480-485 million MT in FY2026, backed by sustained demand from the housing and infrastructure sectors.



- **Average cement prices increased by 7% YoY in August 2025** to Rs. 347/bag. In 5M FY2026, the prices were up 7% YoY at Rs. 355/bag on account of price hikes undertaken by the cement companies amid healthy demand. In FY2025, cement prices declined by 7% YoY to Rs. 338/bag.



- **In September 2025, coal prices declined by 17% YoY to \$104/MT** and petcoke prices were lower by 1% YoY at Rs. 11,200/MT in August 2025. Diesel prices were stable at Rs. 88/litre on a YoY basis. In H1 FY2026, coal prices were lower by 11% YoY, while petcoke and diesel prices were stable on a YoY basis.



- **Improvement in operating margins:** The operating margins for ICRA's sample set of companies are likely to improve by 90-180 bps to 16.5-17.5% in FY2026, on account of the expected hike in cement prices and stable input costs.



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