

# INDIAN CEMENT SECTOR

---

**Cement volumes to grow by 7-8% in  
FY2027**

**MARCH 2026**

**#35YearsofUnwaveringCredibility**



## 1 Demand Drivers



## 2 Supply Dynamics



## 3 Mergers and Acquisitions



## 4 Market Structure



## 5 Trends in Cement Prices



## 6 Trends in Input Costs



## 7 Profitability Analysis



## 8 Outlook



## 9 ICRA Ratings



## 10 Annexure





[Click to see full report](#)

*Cement volumes are expected to grow by 7-8% in FY2027, driven by sustained demand from housing and infrastructure sectors.*

*The operating margins are likely to moderate by around 200-400 bps in FY2027 on account of increase in input costs, with further downside risk from the impact of the ongoing West Asia conflict on crude-linked petcoke and freight prices.*



**Cement volumes:** In 11M FY2026, the cement volumes are higher by 9.2% YoY backed by sustained demand from the housing and infrastructure sectors. ICRA expects cement volumes to grow by 8-9% to about 490 million MT in FY2026 and 7-8% in FY2027, given continued steady demand from end-user industries.



**Supply addition:** The capacity addition is expected to increase by 47-49 million MTPA<sup>1</sup> in FY2026 and 35-37 million MTPA in FY2027, driven by healthy demand prospects. In FY2027, the eastern region is likely to lead the grinding capacity expansion with the addition of 10-11 million MTPA capacity. Capacity utilisation is estimated to settle at 70-72%, reflecting a trend similar to the around 72% utilisation recorded in FY2026.



**Cement prices and input costs:** In 11M FY2026, cement prices are higher by 2% YoY, which is further expected to rise by 2-4% in FY2027. Input costs have remained largely stable through FY2026; however, fuel and freight—both linked to global crude—are on an increasing trend and likely to rise materially in FY2027 due to ongoing West Asian geopolitical tensions, adversely impacting the cost structure for the sector.



**Outlook on revenues and profitability:** The volume growth and realisation trend of ICRA's sample, primarily prominent industry players, are better than the broader industry trend. ICRA estimates operating income for its sample set to grow by 8-10% in FY2027, supported by volume expansion and a moderate uptick in cement prices. After rising 11-17% to Rs. 900-950/MT in FY2026, OPBITDA/MT is projected to materially moderate in Q1 FY2027 due to an expected increase in input prices – majorly fuel (petcoke and coal) and freight (diesel) costs amid the ongoing West Asia conflict. For FY2027, the OPBITDA/MT is likely to decline by 6-11% to Rs. 820-870/MT, with downside risks if pressure on crude-linked fuel and freight prices persists for a prolonged period.



**Outlook on debt protection metrics:** Despite moderation in profitability and increased debt requirements for the ongoing capex, debt protection metrics are likely to remain comfortable supported by higher volumes. In FY2027, leverage (TD/OPBITDA) and debt coverage metrics (DSCR) are estimated at 1.45-1.55x and 3.0-3.2x, respectively.

Note: 1) MTPA: metric tonne per annum; ICRA's sample includes ACC Limited (ACC), Ambuja Cements Limited (ACL), JK Cements Limited (JKCL), JK Lakshmi Cement Limited (JKLC), The Ramco Cements Limited (RCL), UltraTech Cement Limited (UCL), Dalmia Bharat Limited (DBL), Birla Corporation Limited (BCL), Shree Cement Limited (SC), Sagar Cements Limited (SCL), and Heidelberg Cement India Limited (HCL), which cumulatively account for 74% of industry capacity.



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
Vishnu S Kumar	Deputy Manager	<a href="mailto:vishnu.kumar@icraindia.com">vishnu.kumar@icraindia.com</a>	022 – 6169 3350
Shakun Singh	Lead Analyst	<a href="mailto:shakun.singh@icraindia.com">shakun.singh@icraindia.com</a>	0124 – 4545 852





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, 2026 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.

**#35YearsofUnwaveringCredibility**



ICRA

35  
Years of  
Unwavering  
Credibility

# Thank You!

#35YearsofUnwaveringCredibility

Sensitivity Label : Public