

INDIAN CEMENT SECTOR

Coal and petcoke prices decline by 46% and 13% YoY in Q1 FY2025, aids cement companies' cost structure

JUNE 2024



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In April 2024, cement volumes stood at 36.8 million MT, an increase of 1% YoY.

In FY2024, volumes rose by 9% YoY to 426 million MT.



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



- **Cement volumes higher by 1% YoY in April 2024:** In April 2024, cement volumes were 36.8 million metric tonnes (MT), up 1% YoY. In FY2024, volumes increased by 9% YoY to 426 million MT. In FY2025, volumes are likely to grow by 7-8% to 455-460 million MT, supported by demand from the housing and infrastructure sectors.



- **Average cement prices declined by 9% YoY in May 2024:** In May 2024, the average cement prices decreased by 9% YoY to Rs. 335/bag. In 2M FY2025, they declined by 8% YoY to Rs. 340/bag. In FY2024, the average prices were at ~Rs. 365/bag compared to Rs. 375/bag in FY2023.



- **Coal, pet coke and diesel prices lower in June 2024 on YoY basis:** In June 2024, coal prices declined by 36% YoY to \$123/MT, and pet coke prices were down 7% YoY to Rs. 11,150/MT. Diesel prices also declined by 2% YoY to Rs. 88/litre. In Q1 FY2025, the prices of coal, pet coke and diesel were lower by 46%, 13% and 2%, respectively, on a YoY basis, resulting in reduced 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 20-40 bps to 17.6-18.0% in FY2025.



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