



INDIAN CEMENT SECTOR

**Coal and petcoke prices decline by
38% and 13% YoY in H1 FY2025
supporting cost structure of cement
companies**

SEPTEMBER 2024



1 Trends in cement production



2 Region-wise trends in cement prices



3 Trends in input cost



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In July 2024, cement volumes stood at 33.5 million MT, an increase of 5% YoY.

In 4M FY2025, the volumes increased by 2% to 145.0 million MT on a YoY basis.

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



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



- **Cement volumes higher by 5% YoY in July 2024:** In July 2024, cement volumes were 33.5 million metric tonnes (MT), up 5% YoY. In 4M FY2025, the volumes increased by 2% YoY to 145.0 million MT. In FY2024, volumes increased by 9% YoY to 426 million MT. In FY2025, the 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 11% YoY in August 2024:** In August 2024, the average cement prices decreased by 11% YoY to Rs. 325/bag. However, it is stable on a MoM basis. In 5M FY2025, they declined by 10% YoY to Rs. 330/bag. In FY2024, the average prices were at ~Rs. 365/bag compared to Rs. 375/bag in FY2023.



- **Coal, petcoke and diesel prices lower in September 2024 on YoY basis:** In September 2024, coal prices declined by 6% YoY to \$125/MT, and petcoke prices were down 23% YoY to Rs. 10,980/MT. Diesel prices also declined by 2% YoY to Rs. 88/litre. In H1 FY2025, the prices of coal, petcoke and diesel were lower by 38%, 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.



ICRA Analytical Contact Details

Name	Designation	Email	Contact Number
Rajeshwar Burla	Senior Vice President & Group Head	rajeshwar.burla@icraindia.com	040 – 6939 6443
Anupama Reddy	Vice President & Co Group Head	anupama.reddy@icraindia.com	040 – 6939 6427
Tushar Bharambe	Assistant Vice President & Sector Head	tushar.bharambe@icraindia.com	040 – 6169 3347
Hemanth Vasishtha Attaluri	Senior Analyst	vasishtha.attaluri@icraindia.com	040 – 6939 6419





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	vinita.baid@icraindia.com	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head - Group Corporate Communications & Media Relations, ICRA Ltd	communications@icraindia.com	0124-4545860





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