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Cement volume growth may stay muted at 3% in Q1: ICRA

Our Bureau
Mumbai

Rating agency ICRA expects cement volume growth in the June quarter to remain muted at 2-3 per cent year-on-year due to a slowdown in construction activities because of the general elections.

However, it is expected to bounce back and rise by a healthy 7-8 per cent in FY25, driven by healthy demand from the infrastructure and housing sectors.

The government's focus on infrastructure projects, the sanction of additional houses under the Pradhan Mantri Awas Yojana and industrial capex are expected to meaningfully improve cement volume offtake in the second half of this fiscal year.

Anupama Reddy, Vice-President, ICRA, said the operating income of companies analysed by ICRA is expected to increase 7-8 per cent YoY in FY25, primarily driven by volume growth.

GREEN POWER

While cement prices are projected to largely sustain at previous-year levels, some softening of cost-side pressures – primarily power and fuel costs along with an increasing focus on green power is likely to result in an about 3 per cent increase in OPBITDA to ₹975-1,000 per tonne.

The green power to account for 40-42 per cent of the total power mix by the end of this fiscal compared to about 35 per cent as of FY23. The major cement players in the country aim to reduce their emissions by 15-17 per cent over the next 8-10 years by increasing the share of blended cement, which uses less clinker and consequently less fuel, boosting the share of green power consumption through a mix of solar, wind and waste heat recovery system (WHRS) capacities.

Of the overall capacity addition of 63-70 million tonnes by FY26, about 33-35 mt will be added in this fiscal. The eastern and southern regions are forecast to lead the expansion.

The capacity utilisation is expected to rise to 71 per cent in FY25 from 70 per cent in FY24, backed by higher cement volumes.

However, the utilisation remains moderate on an expanded base.

The market share of the top five cement companies witnessed a steep rise to 59 per cent as of March 2026 from 45 per cent as of March 2015.