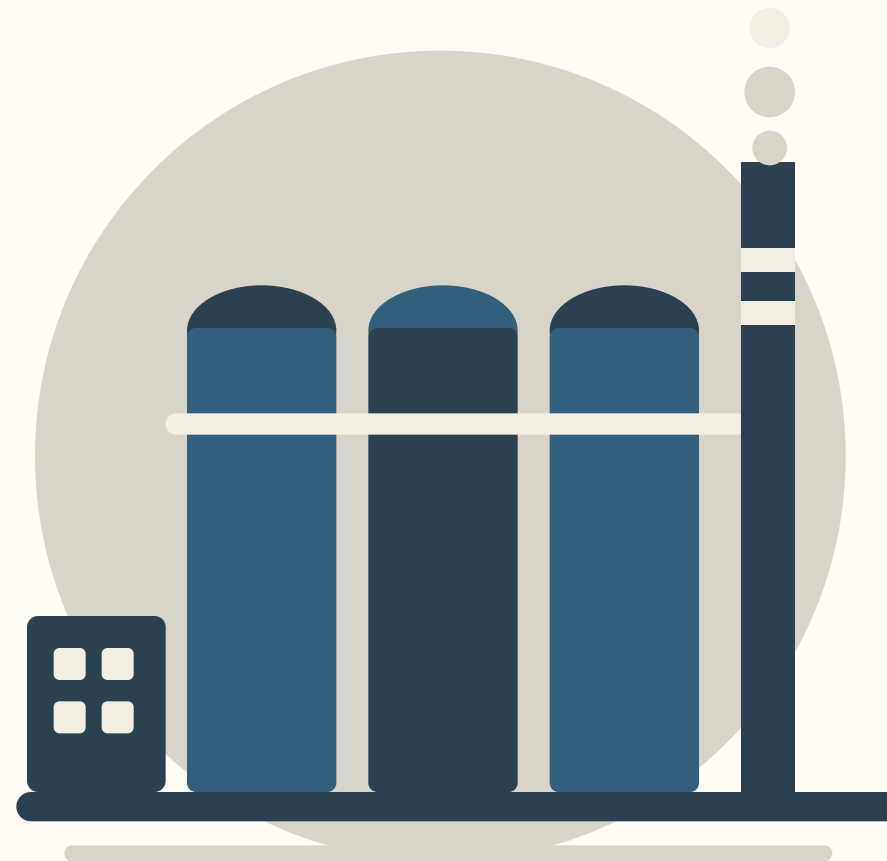


Structural Demand, Deferred Pricing

Demand compounding at 7-8% into FY31-32E, a 140 MTPA supply wave, and an industry consolidating into an oligopoly, what it means for FY27 positioning.

463 MnT demand**64-65% utilisation****Top 5 at 64%****September 2026**

Cement Demand in India Is a Rare, Structural Growth Story

463 MnT

FY26 demand · 6-7% CAGR over FY21-26

7-8%

Projected CAGR to FY31-32E vs 2-3% globally

320 kg

Per-capita use vs 450-550 kg global average

What Is Driving The Growth

- Demand grew 6-7% CAGR over FY21-26 to 463 MnT - more than 3x global growth of 1-2%.
- The gap should widen: India at 7-8% CAGR through FY31-32E against 2-3% globally.
- Base case demand reaches 620-630 MnT by FY30, and could top 650 MnT by FY35.
- Growth is broadening beyond housing - infrastructure, manufacturing, data centres and defence are new pillars.

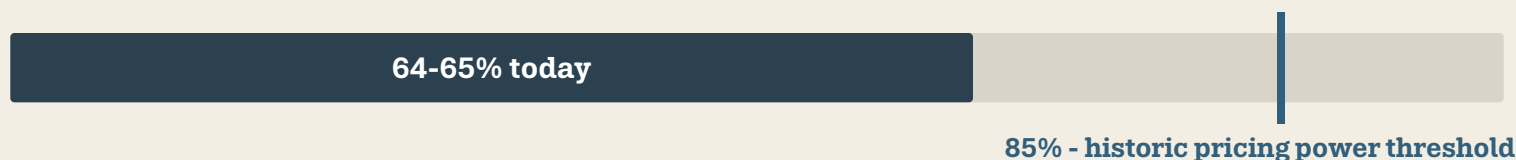
Why It Matters

- ▶ Per-capita use (320 kg) is barely two thirds of the global average - real headroom, not cyclicity.
- ▶ A 3x growth premium over the world, sustained for a decade, is what makes this structural.
- ▶ For FY27 the debate is supply absorption - demand itself is not in question.

India is the one large cement market still compounding at 7-8%. Demand visibility through FY31-32E is the anchor of the sector call, the near term questions sit on the supply side.

Capacity Is Racing Ahead of Demand - Pricing Power Will Wait

CAPACITY UTILISATION vs PRICING-POWER THRESHOLD



718 MTPA

installed capacity against 463
MnT of demand

The Supply Wave

140 MTPA of new capacity arrives in FY27-28, against 25-27 MTPA a year over the past 15 years.

Utilisation Stays Capped

Capacity is compounding at 9-10% against 7-8% demand, holding utilisation near 63-64% through FY28.

Where Earnings Come From

Pricing power has historically needed 85% utilisation. South India is at 52%. Near-term growth must come from cost efficiency, not price hikes.

Utilisation is the binding constraint. Until the industry clears 85%, earnings leverage comes from cost control rather than price, an FY28 story at the earliest.

A Fragmented Industry Is Becoming an Oligopoly

64%

Top 5 share of national capacity, up from 52% in FY22

- Led by UltraTech, the Ambuja-ACC (Adani) platform, Shree Cement, Dalmia Bharat and Nuvoco Vistas.
- Smaller players face rising compliance costs and limestone access constraints - more M&A is likely.
- Consolidation should sharpen pricing discipline, but not before FY28: capacity build stays the priority through FY27-28.

CONSOLIDATION TIMELINE - NEARLY EVERY MAJOR DEAL INVOLVED A TOP-5 PLAYER

2022



Adani acquires ACC and Ambuja

2025



Ambuja-Penna; UltraTech-Kesoram, UltraTech-India Cements; Ambuja-Orient

2026



Dalmia-Jaiprakash
Top 5 reach 64% of capacity

Consolidation is the structural offset to the supply wave. It raises the odds of pricing discipline - but the benefit lands from FY28, not FY27.

Five Risks That Could Delay the Recovery



Supply Overhang

140 MTPA of new capacity could keep pricing weak for longer if demand slips below the 7-8% base case.



Fuel Volatility

Further Israel-Iran escalation could push pet coke, coal and crude prices back up.



South India Oversupply

52% utilisation and rising limestone concentration keep the region structurally weak.



Extended Monsoon

An Oct-Nov 2026 monsoon could dent the festive-season demand uplift.



Integration Risk

Recent large deals - ACC-Ambuja, Panna, Orient, India Cements, Kesoram, Jaiprakash - may take longer to deliver synergies.

WHAT TO WATCH

Quarterly utilisation prints, pet coke and coal landed cost are the live variables for the FY27 call.

None of these break the demand story, each one pushes the pricing recovery further to the right. They are timing risks, not thesis risks.

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