REDUCE JSW Cement

Poised for growth, though risk-reward ratio appears balanced

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Cement ▸ Initiating Coverage ▸ **October 27, 2025** — **CMP (Rs): 137 | TP (Rs): 135**

We initiate coverage on JSW Cement (JSWCL) with REDUCE and TP of Rs135, valuing it at 12x Sep-27E EV/EBITDA. We like JSWCL's pace of capacity addition, viz ~13% over FY25-28E, which takes the overall capacity to ~30mtpa. A robust capacity addition will easily translate into best-in-class grey cement volume CAGR, which we estimate at ~19% over the same period. JSWCL's forte—GGBS, a segment in which it commands ~84% market share, is likely to report ~15% CAGR in FY25-28E, led by strong demand across the infrastructure and residential segments. Total volume is expected to grow >16% per annum and reach ~20mt by FY28E. Further, we expect JSWCL to accrue operating leverage benefits of ~Rs150/t on better utilization of clinker output from its Shiva unit and ramp-up of its Nagaur plant. We bake in ~18%/32% revenue/EBITDA CAGR over FY25-28E, with improvement in blended EBITDA/t of Rs910 in FY26E to ~Rs980/~Rs1,000 in FY27E/FY28E, respectively. Key risks: weak cement prices in South India, delay in commissioning of the company's Nagaur unit.

Blueprint ready to become a *Pan-India* player; capacity addition at faster rate…

With capital infusion of Rs16bn now behind, we see JSWCL adding capacity at a much faster rate, viz ~12% over FY25-30E vs 8% in the past 5Y. JSWCL has commissioned 1mtpa GU at Sambalpur, Odisha in Oct-25, and is on track to add 3.3/3.5mtpa clinker/cement capacities, taking the overall capacity to ~10/25mtpa, respectively, by Q2FY27E. On commissioning the greenfield project in Central India (Hatta, Madhya Pradesh, and related GU in UP), JSWCL is set to achieve total capacity of ~42mtpa in the medium term and become a *Pan-India* player. We expect JSWCL to spend cumulative capex of Rs55bn in FY26E-28E to achieve the intended capacity target/run-rate.

…resulting in robust volume growth and a higher volume market share

Backed by strong capacity additions, we expect grey cement volume at 12mt, implying ~19% CAGR over FY25-28E. Assuming industry CAGR at ~6.5% over FY25-28E, we see JSWCL's grey cement market-share rise to >2% in FY28E vs ~1.5% in FY25. Similarly, aided by strong demand across the segments such as infrastructure, residential, and industrial, we estimate 15% volume CAGR for the GGBS (ground granulated blast furnace slag) segment over FY25-28. JSW Steel's upcoming capacity additions in Dolvi, MH (5mtpa) and Vijayanagar, KR (2mtpa) ensure the requisite availability of in-house slag to support 15% CAGR in GGBS.

Higher incentive run-rate + operating leverage benefits to power EBITDA/t

JSWCL's upcoming Nagaur plant (incentive: >Rs200/t by FY28E) would boost overall incentive run-rate of ~Rs25/t (FY25) to ~Rs40/t each in FY27E/FY28E. Also, JSWCL is likely to accrue operating leverage benefits of ~Rs150/t in FY25-28E on ramp-up of the Nagaur plant and optimal utilization of clinker from Shiva Cement (led by commissioning of the Sambalpur GU). Given such factors, along with a stable pricing scenario in South India, we see EBITDA/t of ~Rs910/980/1,000 in FY26/27/28E from ~Rs680 in FY25.

Target Price – 12M	Sep-27
Change in TP (%)	**NA**
Current Reco.	REDUCE
Previous Reco.	NA
Upside/(Downside) (%)	(1.5)

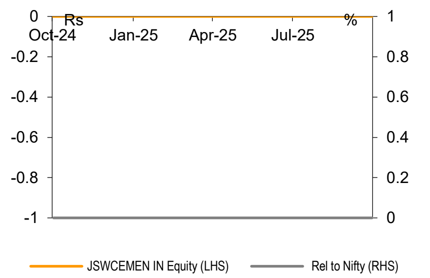
Stock Data	**JSWCEMEN IN**
52-week High (Rs)	162
52-week Low (Rs)	134
Shares outstanding (mn)	1,363.4
Market-cap (Rs bn)	186
Market-cap (USD mn)	2,110
Net-debt, FY26E (Rs mn)	35,051.3
ADTV-3M (mn shares)	0
ADTV-3M (Rs mn)	0.0
ADTV-3M (USD mn)	0.0
Free float (%)	27.7
Nifty-50	25,966.1
INR/USD	88.2

Shareholding, Sep-25	
Promoters (%)	72.3
FPIs/MFs (%)	4.1/6.8

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	(3.4)	0.0	0.0
Rel. to Nifty	(8.3)	0.0	0.0

1-Year share price trend (Rs)



JSW Cement: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	60,281	58,131	66,251	85,067	94,927
EBITDA	10,742	8,582	12,627	17,449	19,793
Adj. PAT	898	(1,141)	6,343	6,547	7,273
Adj. EPS (Rs)	0.9	(1.2)	4.7	4.8	5.3
EBITDA margin (%)	17.8	14.8	19.1	20.5	20.9
EBITDA growth (%)	31.5	(20.1)	47.1	38.2	13.4
Adj. EPS growth (%)	(34.3)	0.0	0.0	3.2	11.1
RoE (%)	3.8	(4.7)	14.4	9.7	9.8
RoIC (%)	7.0	(11.0)	13.0	9.2	9.2
P/E (x)	150.0	(118.1)	29.4	28.4	25.6
EV/EBITDA (x)	17.3	22.3	17.4	13.3	11.9
P/B (x)	5.5	5.7	2.9	2.6	2.4
FCFF yield (%)	2.6	(2.1)	(10.2)	(3.7)	0.5

Source: Company, Emkay Research

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Leveraging the profile to improve, though heavy capex to keep it elevated

Given the pace of capacity additions planned, we believe JSWCL would spend Rs55bn as capex cash outflow over FY26E-28E vs an operating cash generation of ~Rs40bn (adjusting for the FVTPL non-cash expense) over the same period. Hence, despite fresh equity funding (Rs16bn), we see the net debt-to-EBITDA falling to just above ~2.5x by FY28E from ~4.5x in FY25.

We also notice aggressive leverage position in the top JSW group companies (JSW Steel and JSW Energy) vs peers in the respective sectors which indicates the group's penchant to grow at a faster pace-than-industry (Exhibits 22-23).

Outlook and valuation

JSWCL is working on multiple fronts – capacity/volume share improvement, cost reduction, toward a disciplined balance sheet, etc – to emerge as an impactful mid-size cement player. In addition to JSWCL's efforts, we see the backing of a strong JSW group, which should translate into synergies for JSWCL.

We benchmark JSWCL with other mid-size players (25-50mtpa) like JK Cement, The Ramco Cements, Dalmia Bharat, Nuvoco Vistas, and Birla Corporation (Exhibits 26-34). On close observation, we find striking similarities between JSWCL and JKCE, like 1) presence in high-margin, value-added product segment (white cement for JKCE and GGBS for JSWCL); 2) similar capacity levels; 3) dual-region geography base; and 4) backing by a strong parentage; hence, we consider JKCE as a worthy peer for JSWCL. Further, we find that JKCE was awarded a higher multiple during (FY21-26) years following a demonstrable improvement in unit profitability in the grey cement business (Exhibit 37).

Hence, we ascribe 12x 1YF EV/EBITDA to JSWCL, factoring in the above-mentioned parameters as well as the valuation (7-15x 1YF EV/EBITDA; refer to Exhibit 34) of companies that own capacities in the 25-50mtpa range. Thus, we arrive at TP of **Rs135** and initiate coverage on the stock with **REDUCE**.

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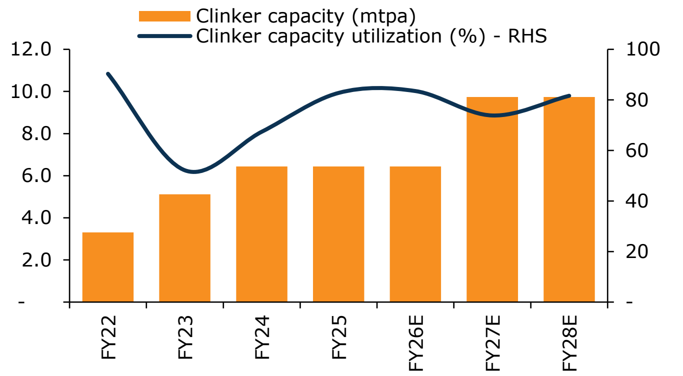
Story in Charts

Exhibit 1: JSW Cement in a snapshot

Particulars	FY25	FY26E	FY27E	FY28E
Key products				
Clinker capacity (mtpa)	6.4	6.4	9.7	9.7
Geographical clinker capacity mix (mtpa)	**East:** 1.3 **South:** 2.8	**East:** 1.3 **South:** 2.8	**North:** 3.3 **East:** 1.3 **South:** 2.8	**North:** 3.3 **East:** 1.3 **South:** 2.8
Grinding capacity (mtpa)	20.6	21.6	25.1	29.9
Geographical grinding capacity mix (mtpa)	**East:** 5.1 **West:** 4.5 **South:** 11.0	**East:** 6.1 **West:** 4.5 **South:** 11.0	**North:** 3.5 **East:** 6.1 **West:** 4.5 **South:** 11.0	**North:** 6.3 **East:** 6.1 **West:** 4.5 **South:** 13.0
Cement capacity utilization (%)	60.0	64.3	70.8	66.7
Cement volumes (mt)	7.1	7.9	10.9	12.0
Cement realization (Rs/t)	4,518	4,834	4,834	4,834
GGBS volume (mt)	5.2	6.0	6.9	7.9
GGBS realization (Rs/t)	3,776	3,720	3,720	3,720
CC ratio (x)	2.01	2.01	1.90	1.85
Total volume (mt)	12.6	13.9	17.8	19.9
Blended realization (Rs/t)	4,603	4,770	4,778	4,770
Revenue (Rs bn)	58.1	66.3	85.1	94.9
Revenue mix (%)	**Cement:** 56.2% **GGBS:** 34.3% **RMC:** 6.1% **Clinker:** 2.0% **Others:** 1.4%	**Cement:** 58.8% **GGBS:** 34.0% **RMC:** 6.2% **Others:** 1.0%	**Cement:** 63.2% **GGBS:** 30.5% **RMC:** 5.5% **Others:** 0.8%	**Cement:** 62.2% **GGBS:** 31.4% **RMC:** 5.7% **Others:** 0.7%
EBITDA margin (%)	14.8	19.1	20.5	20.9
Cement EBITDA/t (Rs)	318	691	845	860
Blended EBITDA/t (Rs)	679	909	982	995
Capex (Rs bn)	11.5	20.0	20.0	15.0
Net Debt (Rs bn)	58.8	35.1	48.0	51.9
Net debt-to-EBITDA (x)	6.9	2.8	2.8	2.6
FCF (Rs bn)	(13.9)	(22.3)	(8.6)	1.1
RoCE (%)	6.5	9.7	11.2	11.3
Key risk	**• Highly dependent on JSW Steel and its subsidiary for slag requirement** **• Weak cement prices in South India or delay in commissioning of the Nagaur unit**			

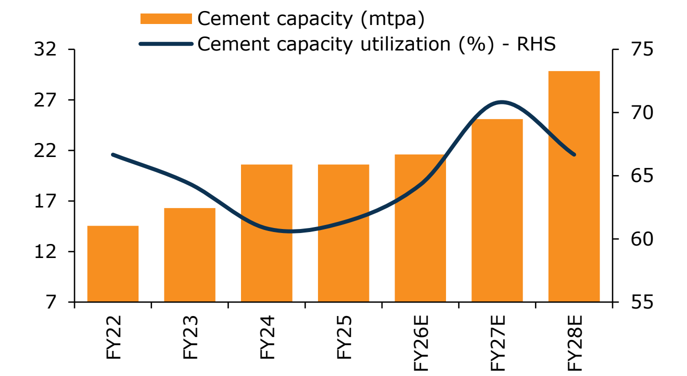
Source: Company, Emkay Research

Exhibit 2: Clinker capacity and utilization trends



Source: Company, Emkay Research; Note: Includes JSW's FZC JV capacity of ~2.3mtpa

Exhibit 3: Cement capacity and utilization trends



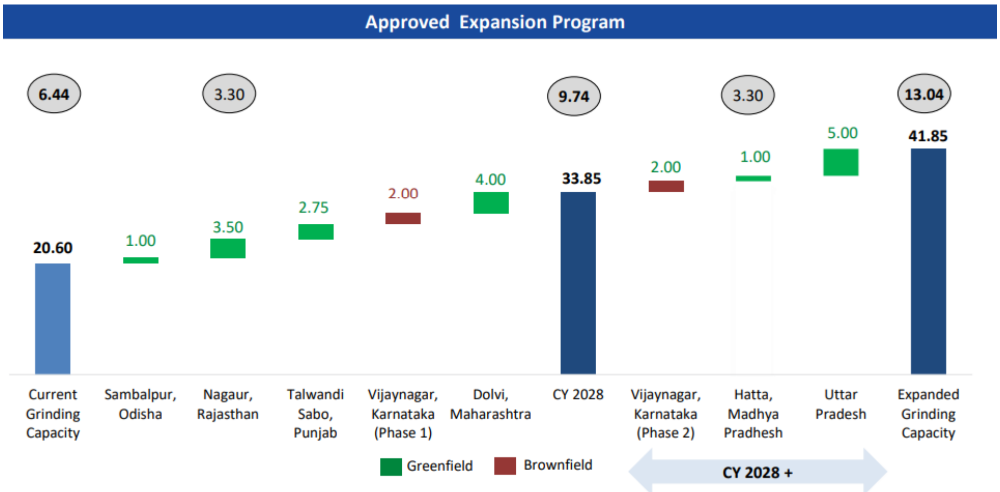
Source: Company, Emkay Research

Exhibit 4: JSWCL's upcoming plants' environmental clearance status and timelines

Location	Region	Capacity (mtpa)		Timelines	EC status
		Grinding	Clinker		
Nagaur, Rajasthan	North	3.5	3.3	Q4FY26 - Assumption	Granted
Talwandi Saboo, Punjab	North	2.8	-	Q2FY28 - Assumption	ToR granted
Sambalpur, Odisha	East	1.0	-	Commissioned - Q2FY26	-
Vijayanagar, Karnataka	South	4.0	-	*Q1FY28 – Assumption	Prior EC granted
Dolvi, Maharashtra	West	4.0	-	FY29 - Assumption	Yet to apply
Hatta, Madhya Pradesh	Central	1.0	3.3	Not factored yet	Applied, and pending
Uttar Pradesh	Central	5.0	-	Not factored yet	Yet to apply
Total		**21.3**	**6.6**		

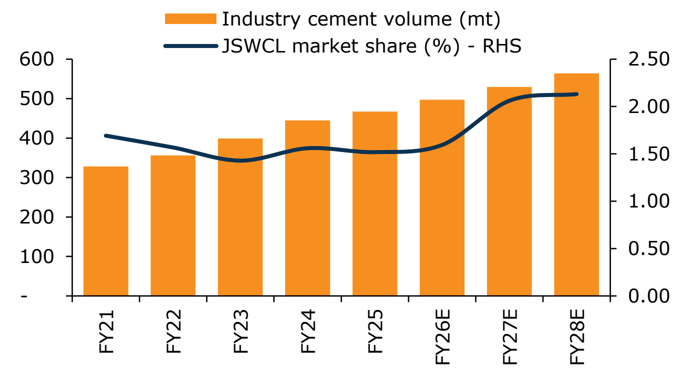
*Source: Company, MoEF, Emkay Research; Note: *Only Phase-1 of 2mtpa of the total 4mtpa*

Exhibit 5: JSWCL's capacity expansion plan



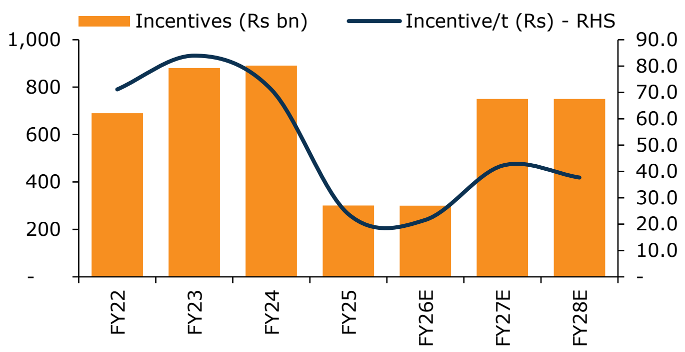
Source: Company, Emkay Research

Exhibit 6: JSWCL's industry volume market share trend



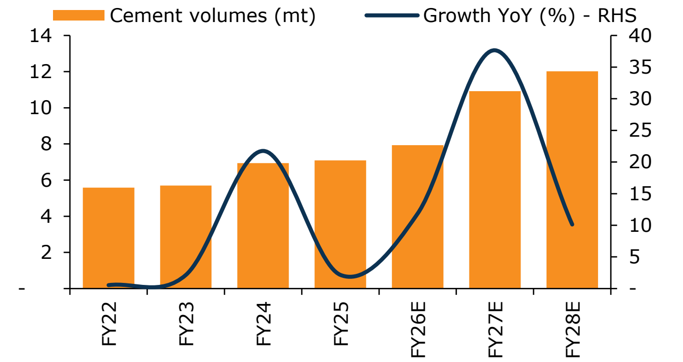
Source: Company, Emkay Research

Exhibit 7: Incentive trends



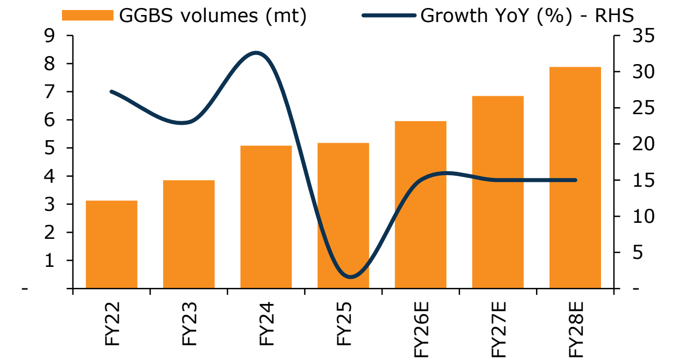
Source: Company, Emkay Research

Exhibit 8: Cement volume growth trend



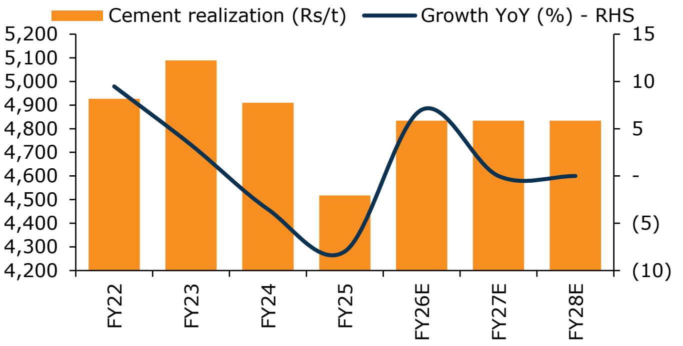
Source: Company, Emkay Research

Exhibit 9: GGBS volume growth trend



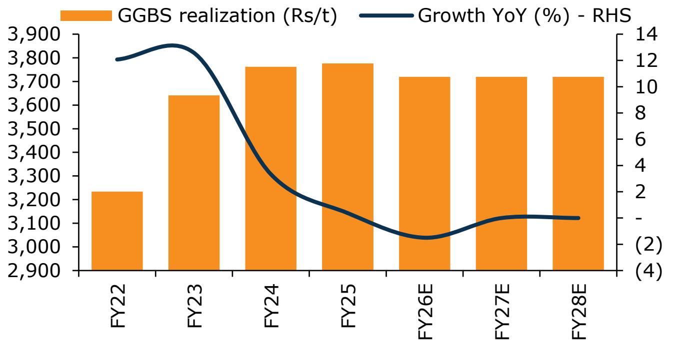
Source: Company, Emkay Research

Exhibit 10: Cement realization trend



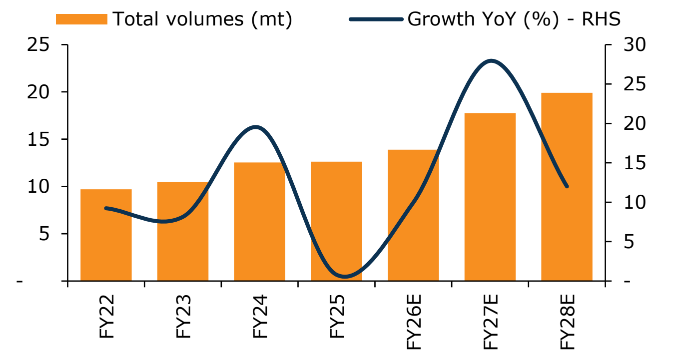
Source: Company, Emkay Research

Exhibit 11: GGBS realization trend



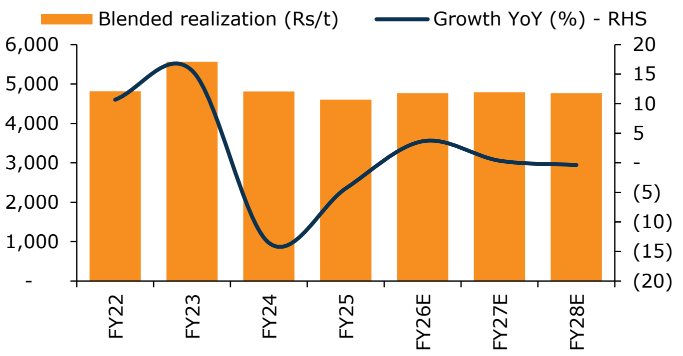
Source: Company, Emkay Research

Exhibit 12: Total volume growth trend



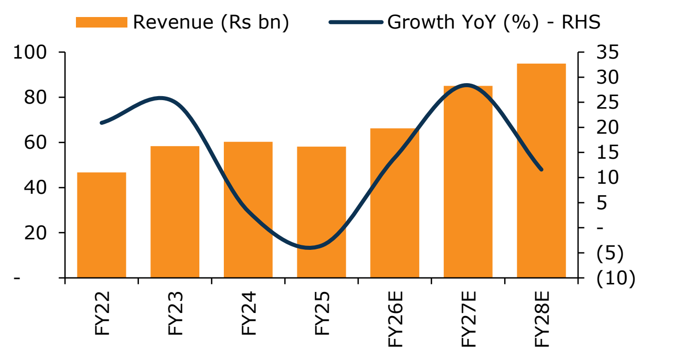
Source: Company, Emkay Research; Note: Includes cement and GGBS

Exhibit 13: Blended realization growth trend



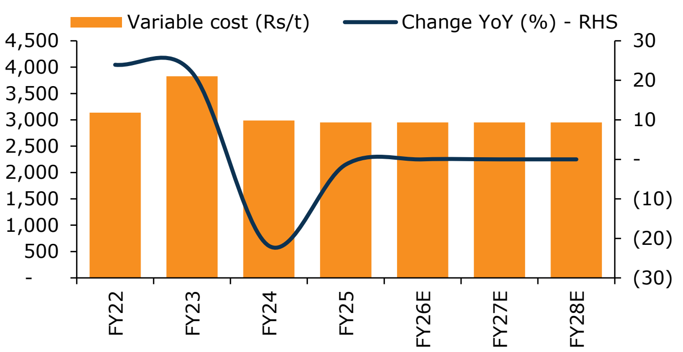
Source: Company, Emkay Research

Exhibit 14: Revenue growth trend



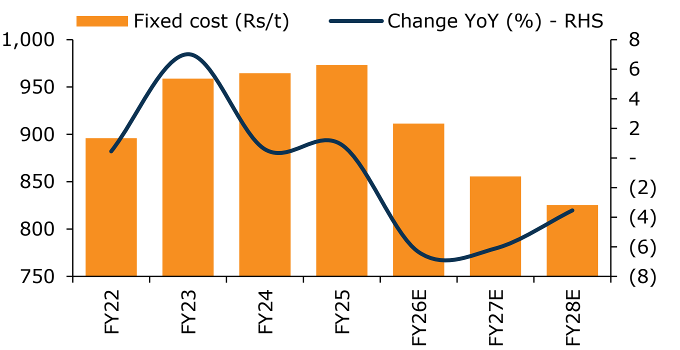
Source: Company, Emkay Research

Exhibit 15: Unit variable cost trend



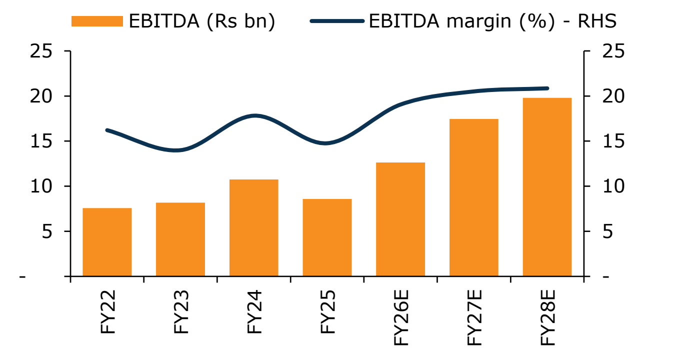
Source: Company, Emkay Research

Exhibit 16: Unit fixed cost trend



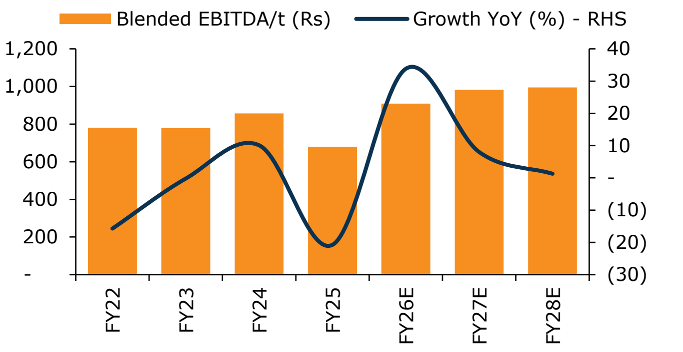
Source: Company, Emkay Research

Exhibit 17: EBITDA margin trend



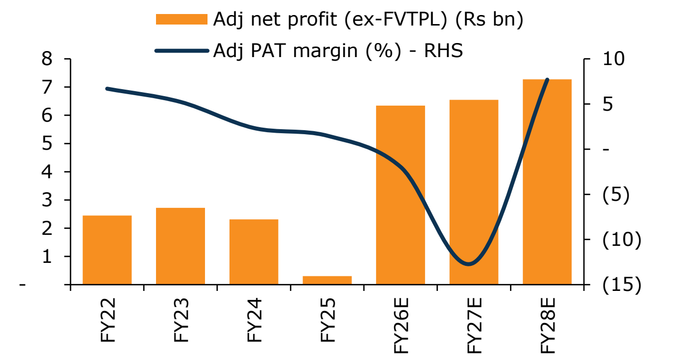
Source: Company, Emkay Research

Exhibit 18: Blended EBITDA/t growth trend



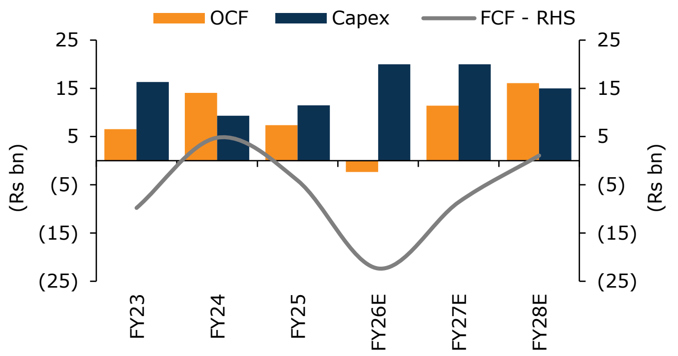
Source: Company, Emkay Research

Exhibit 19: PAT growth trends



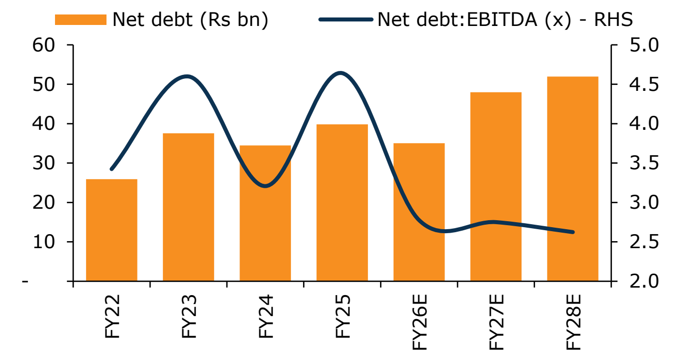
Source: Company, Emkay Research; Note: Reported Profit/(Loss) after tax for FY25 was (Rs1,141mn), FVTPL losses stood at Rs1,444mn

Exhibit 20: Free cash flow trend



Source: Company, Emkay Research

Exhibit 21: Leverage position



Source: Company, Emkay Research

Exhibit 22: Net Debt-to-EBITDA trends of JSW Steel and peers

Net debt-to-EBITDA (x)	FY21	FY22	FY23	FY24	FY25
JSW Steel	1.9	1.3	3.2	2.6	3.6
Jindal Steel	6.2	1.7	1.0	1.5	1.7
SAIL	2.7	0.7	3.2	2.9	3.1
TATA	2.4	0.8	2.1	3.3	3.2

Source: Company, Emkay Research

Exhibit 23: Net debt-to-EBITDA trends of JSW Energy and peers

Net debt-to-EBITDA (x)	FY21	FY22	FY23	FY24	FY25
JSW Energy	2.3	2.2	6.3	5.0	8.6
NTPC	1.6	1.5	1.4	1.4	1.2
Tata Power	4.7	5.8	4.9	3.8	3.8

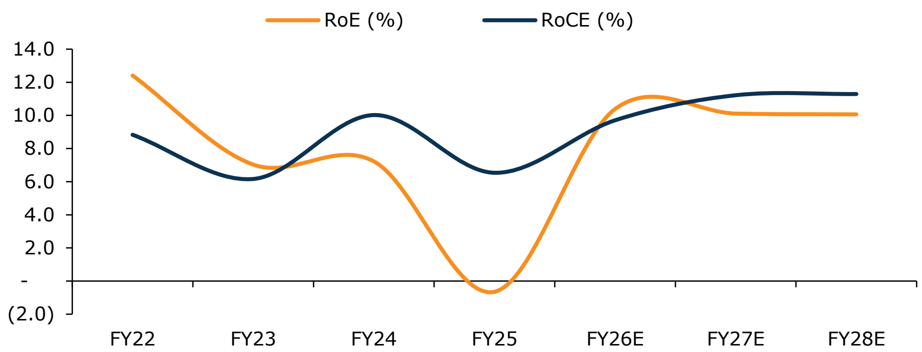
Source: Company, Emkay Research

Exhibit 24: Net debt-to-EBITDA trends of JSW Cement peers

Net debt-to-EBITDA (x)	FY25	FY26E	FY27E	FY28E
JSW Cement	6.9	2.9	2.9	2.8
JK Cement	1.6	1.3	0.7	0.3
Ramco Cements	3.6	2.4	1.6	1.3
Dalmia Bharat	0.3	0.5	0.6	0.1
Nuvoco Vistas*	2.6	2.3	1.9	1.2
Birla Corporation*	2.6	1.8	1.8	1.7

*Source: Company, Bloomberg, Emkay Research; Note: *As per Bloomberg estimates*

Exhibit 25: Return ratio trends



Source: Company, Emkay Research; Note: RoE adjusted for FVTPL (fair value through profit or loss)

Exhibit 26: Cement capacity growth trends of relevant peers

Capacity (mtpa)	FY25	FY26E	FY27E	FY28E	FY25-28E CAGR (%)
JSW Cement	20.6	21.6	25.1	29.9	13.2
JK Cement	24.9	31.8	31.8	36.8	13.9
Ramco Cements	24.2	29.7	29.7	29.7	7.1
Dalmia Bharat	49.5	49.5	55.5	63.5	8.7
Nuvoco Vistas*	25.0	31.0	35.0	35.0	11.9
Birla Corporation*	20.0	20.0	21.4	25.0	7.7

*Source: Company, Emkay Research; Note: *Company filings*

Exhibit 27: Geographical presence of peers

Geographical presence	North	West	Central	East	South
JSW Cement	✓	✓			✓
JK Cement	✓		✓	✓	
Ramco Cements				✓	✓
Dalmia Bharat		✓		✓	✓
Nuvoco Vistas	✓			✓	
Birla Corporation			✓		

Source: Company, Emkay Research

Exhibit 28: Total volume trend of our coverage universe

Total volume (mt)	FY25	FY26E	FY27E	FY28E	FY25-28E CAGR (%)
JSW Cement	12.6	13.9	17.8	19.9	16.4
JK Cement	20.0	22.4	25.5	27.2	10.8
Ramco Cements	18.5	18.5	20.9	22.5	6.7
Dalmia Bharat	29.4	30.0	32.3	37.2	8.2

Source: Company, Emkay Research

Exhibit 29: Blended EBITDA/t trends of relevant peers

Blended EBITDA/t (Rs)	FY25	FY26E	FY27E	FY28E
JSW Cement	679	909	982	995
JK Cement	1,012	1,253	1,340	1,372
Ramco Cements	666	1,026	1,122	1,187
Dalmia Bharat	819	1,118	1,173	1,275
Nuvoco Vistas*	712	-	-	-
Birla Corporation*	673	-	-	-

*Source: Company, Emkay Research; Note: *Not in our coverage*

Exhibit 30: Working capital days of relevant peers in our coverage universe

Working capital days (no of)	FY25	FY26E	FY27E	FY28E
JSW Cement	0	0	2	2
JK Cement	25	25	25	25
Ramco Cements	36	36	36	36
Dalmia Bharat	19	19	19	18

Source: Company, Emkay Research

Exhibit 31: Net debt-to-EBITDA trends of relevant peers

Net debt-to-EBITDA (x)	FY25	FY26E	FY27E	FY28E
JSW Cement	6.9	2.8	2.8	2.6
JK Cement	1.6	1.3	0.7	0.3
Ramco Cements	3.6	2.4	1.6	1.3
Dalmia Bharat	0.3	0.4	0.4	0.2
Nuvoco Vistas*	2.6	2.4	2.0	1.4
Birla Corporation*	2.6	1.8	1.8	1.8

*Source: Company, Bloomberg, Emkay Research; Note: *As per Bloomberg estimates*

Exhibit 32: RoCE trends of relevant peers from our coverage universe

RoCE (%)	FY25	FY26E	FY27E	FY28E
JSW Cement	6.5	9.7	11.2	11.3
JK Cement	14.2	18.4	21.2	21.8
Ramco Cements	4.1	8.7	12.6	14.0
Dalmia Bharat	5.4	9.3	10.0	12.7

Source: Company, Emkay Research

Exhibit 33: RoE trends of relevant peers

RoE (%)	FY25	FY26E	FY27E	FY28E
JSW Cement	(0.6)	10.4	10.1	10.1
JK Cement	13.2	18.1	20.1	19.4
Ramco Cements	1.1	6.9	10.0	11.3
Dalmia Bharat	4.7	7.8	8.4	11.0
Nuvoco Vistas*	0.2	4.7	5.3	6.8
Birla Corporation*	4.9	7.2	8.6	9.1

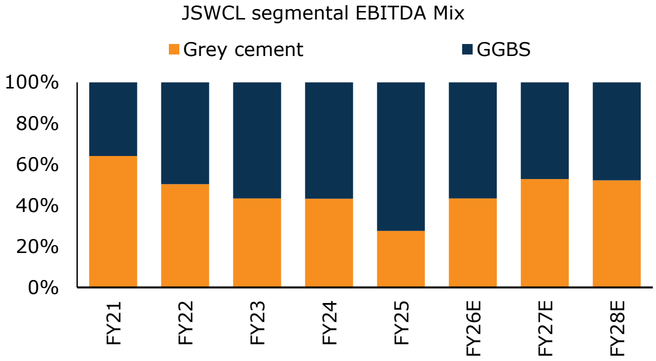
*Source: Company, Bloomberg, Emkay Research; Note: *As per Bloomberg estimates; JSWCL's RoE are adjusted for FVTPL (fair value through profit or loss)*

Exhibit 34: EV/EBITDA of relevant peers

EV/EBITDA (x)	FY25	FY26E	FY27E	FY28E
JSW Cement	22.3	17.5	13.4	12.0
JK Cement	27.2	18.9	15.1	13.5
Ramco Cements	22.9	15.6	12.3	10.6
Dalmia Bharat	17.5	12.1	10.7	8.5
Nuvoco Vistas*	13.5	10.8	9.6	8.3
Birla Corporation*	10.4	7.9	6.8	6.1

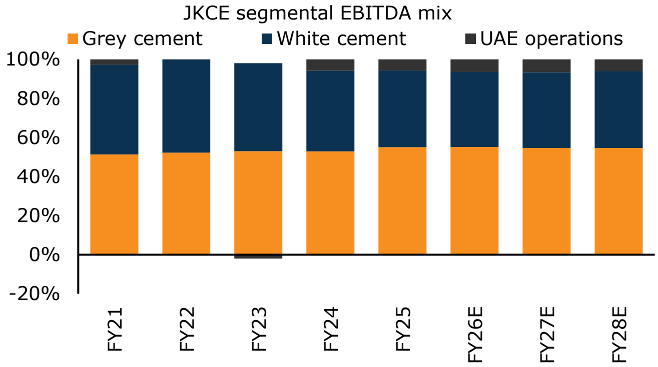
*Source: Company, Bloomberg, Emkay Research; Note: *As per Bloomberg estimates*

Exhibit 35: JSWCL's EBITDA includes high-margin, value-added products, such as GGBS…



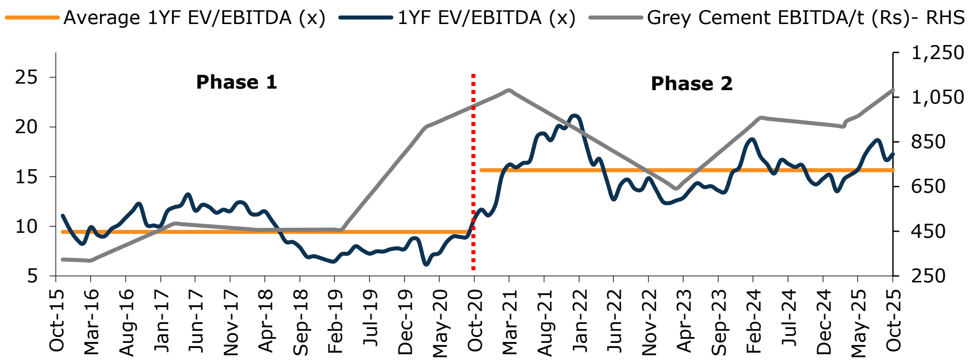
Source: Company, Emkay Research

Exhibit 36: …a similar trend is observed in JKCE, with white cement contributing >40% to its EBITDA



Source: Company, Emkay Research

Exhibit 37: JKCE's valuation multiple rose from ~9x (Phase-1) to ~16x (Phase-2) 1YF EV/EBITDA during FY15-26, on the back of improvement in grey cement EBITDA/t



Source: Company, Bloomberg, Emkay Research

Exhibit 38: Valuation summary

Valuation summary	**Q2FY28E**
EBITDA (Rs mn)	**18,621**
Assumed EV/EBITDA (x)	12
EV (Rs mn)	223,452
Net debt - Q2FY27E (Rs mn)	**41,522**
M-Cap (Rs mn)	**181,930**
No of shares (mn)	1,363
Target Price (Rs)	**135**

Source: Emkay Research

Strategic capacity expansion driving pan-India transformation

- **JSWCL currently has 21.6mtpa of cement capacity, distributed across South India (~51%), West India (~21%), and East India (~28%), along with 4.1mtpa of clinker capacity, primarily located in South India (~68%) and East India (~32%).**
- **JSWCL is undergoing a strategic transformation toward evolving into a pan-India player, with its planned foray into North and Central India markets. Such expansion will be anchored by two upcoming IUs—at Nagaur (Rajasthan) and Hatta (Madhya Pradesh), which are expected to strengthen the company's regional presence, diversify its market mix, and provide a platform for scaling capacity.**
- **The company has outlined capacity expansion, from ~6.4/21.6mtpa (grinding/cement) to ~13.0/41.9mtpa in the medium term via multiple greenfield grinding units across regions.**
- **Based on current project progress, we estimate grinding/cement capacity of 9.7/29.9mtpa by FY28E, translating into ~19%/22% CAGR in cement volume/revenue over FY25-28E.**

JSWCL's domestic manufacturing footprint

- JSWCL commenced operations in CY09 in southern India through a single grinding unit in Vijayanagar, Karnataka. Since then, the company has expanded its presence across the southern, western, and eastern regions as well as in the UAE.
- Currently, JSWCL's cement capacity mix is spread across southern India (51%), western India (21%), and eastern India (28%). The UAE clinker unit is used in serving the company's western India operations.

Exhibit 39: JSWCL's cement capacity snapshot

Location	Type	State	Region	FY23	FY24	FY25	FY26E	FY27E	FY28E
Dolvi	Grinding unit	Maharashtra	West	2.5	4.5	4.5	4.5	4.5	4.5
Vijaynagar	Grinding unit	Karnataka	South	4.0	6.0	6.0	6.0	6.0	6.0
Salboni	Grinding unit	West Bengal	East	3.6	3.6	3.6	3.6	3.6	3.6
Jajpur	Grinding unit	Odisha	East	1.2	1.5	1.5	1.5	1.5	1.5
Nandyal	Integrated unit	Andhra Pradesh	South	4.2	4.2	4.2	4.2	4.2	4.2
Salem	Integrated unit	Tamil Nadu	South	0.8	0.8	0.8	0.8	0.8	0.8
Nagaur	Integrated unit	Rajasthan	North	-	-	-	-	3.5	3.5
Sambalpur	Grinding unit	Odisha	East	-	-	-	1.0	1.0	1.0
Vijayanagar	Grinding unit	Karnataka	South	-	-	-	-	-	2.0
Talwandi Saboo	Grinding unit	Punjab	North	-	-	-	-	-	2.8
Total				**16.3**	**20.6**	**20.6**	**21.6**	**25.1**	**29.9**

Source: Company, Emkay Research

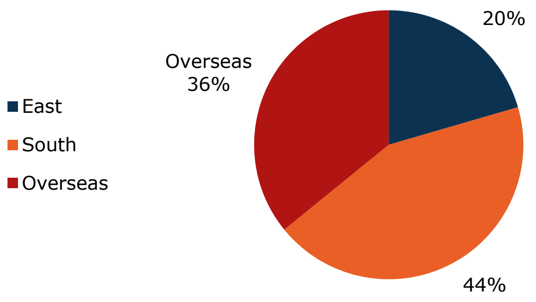
- JSWCL's clinker capacity in FY25 stands at 6.4mtpa, comprising 4.1mtpa domestic and 2.3mtpa overseas (Fujairah, UAE). Within the domestic portfolio, capacity is skewed toward the South (~68%), led by the Nandyal unit in Andhra Pradesh (2.8mtpa), with the balance in the East (~32%) at Shiva Cement in Odisha (1.3mtpa).

Exhibit 40: JSWCL's clinker capacity snapshot

Location	Type	State	Region	FY23	FY24	FY25	FY26E	FY27E	FY28E
Nandyal, Kurnool	Integrated unit	Andhra Pradesh	South	2.8	2.8	2.8	2.8	2.8	2.8
Shiva Cement, Sundargarh	Integrated unit	Odisha	East	1.3	1.3	1.3	1.3	1.3	1.3
Nagaur	Integrated unit	Rajasthan	North	-	-	-	-	3.3	3.3
Hatta	Integrated unit	Madhya Pradesh	Central	-	-	-	-	-	-
Total				**4.1**	**4.1**	**4.1**	**4.1**	**7.4**	**7.4**
Fujairah, UAE	Clinker unit	UAE	Overseas	1.0	2.31	2.31	2.3	2.3	2.3
Total				**5.1**	**6.4**	**6.4**	**6.4**	**9.7**	**9.7**

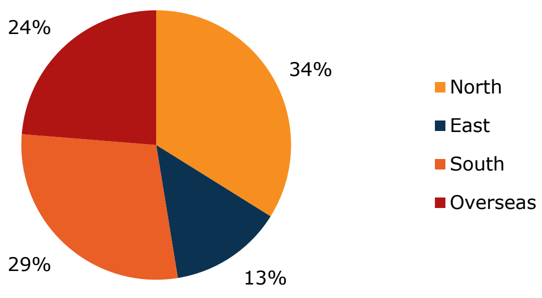
Source: Company, Emkay Research

Exhibit 41: Clinker capacity mix in FY25



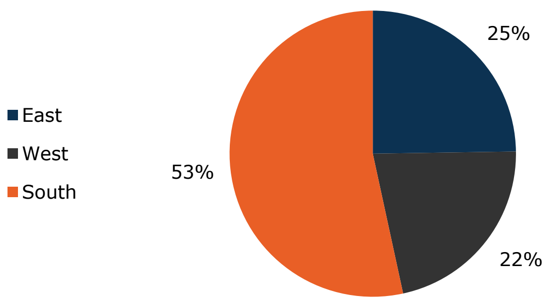
Source: Company, Emkay Research; Note: Overseas clinker is used at JSWCL's Dolvi grinding unit and is sold to third-party customers across India, the rest of South Asia, Africa, and the Gulf Cooperation Council

Exhibit 42: Clinker capacity mix in FY28E



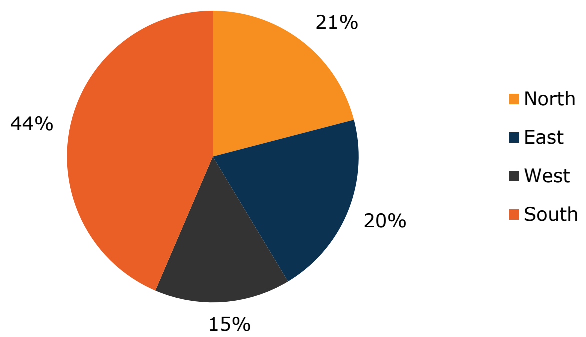
Source: Company, Emkay Research; Note: Includes JSW's FZC JV capacity of ~2.3mtpa

Exhibit 43: Cement capacity mix in FY25



Source: Company, Emkay Research

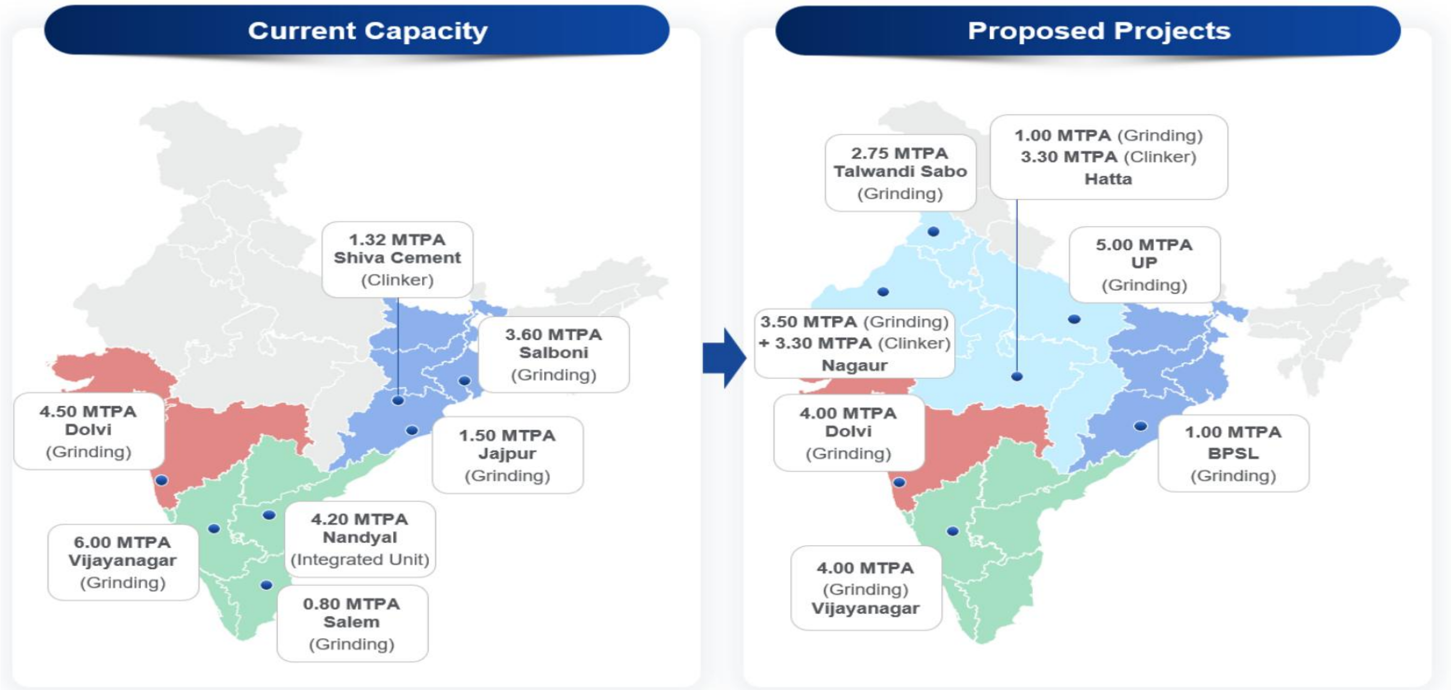
Exhibit 44: Cement capacity mix in FY28E



Source: Company, Emkay Research

- The capacity addition roadmap (Exhibit 45) highlights a shift from regional concentration toward pan-India scale, strengthening JSWCL's long-term growth positioning.

Exhibit 45: Geographical presence before and after the above-mentioned expansions



Source: Company, Emkay Research

- To fuel this expansion, JSWCL has four operating limestone mines in India (Nandyal mine in Andhra Pradesh, two mines in Khatkurbahal in Odisha, and Kolkarhiya mine in Madhya Pradesh). Additionally, it has the right to operate two mines in India which would be operationalized in due course.
- With sufficient residual life of limestone mines and earlier lease expiring within ~16years, JSWCL has all the parts ready for its growth engine.

Exhibit 46: Sufficient residual life of limestone reserves

Operational mine in India and the UAE	Residual reserves, as on 31-Mar-25 (mt)	Remaining lease term, as on 31-Mar-25
JSW Nandyal mine, Andhra Pradesh	105.18	33 years and 1 month
Shiva - Khatkurbahal mine, Odisha	57.25	16 years and 10 months
Shiva - Khatkurbahal (North) mine, Odisha	18.11	47 years and 8 months
Kolkarhiya mine, Madhya Pradesh	139.17	40 years and 7 months
Fujairah mine, UAE	193.58	17 years and 7 months

Source: Company, Emkay Research

- We believe the higher premium paid for Nagaur, Rajasthan mines would be broadly offset by the incentives (Rs500mn or ~Rs220/t in initial years) to accrue from FY27E onward, as JSWCL ramps up the Nagaur plant.

Exhibit 47: Premium for the Nagaur limestone mines

Mine	Date of auction	Location	Final bid (%)
Block- 3C-1 n/v Deh-Harima	27-Jan-22	Nagaur, Rajasthan	130
Block- 3C-2 n/v Deh-Harima	28-Jan-22		50
3D1, Harima-Pithsar	17-Jul-18		42
3B2, Sarasani	5-Feb-18		60

Source: Ministry of Mines, Emkay Research; Note: n/v = near village

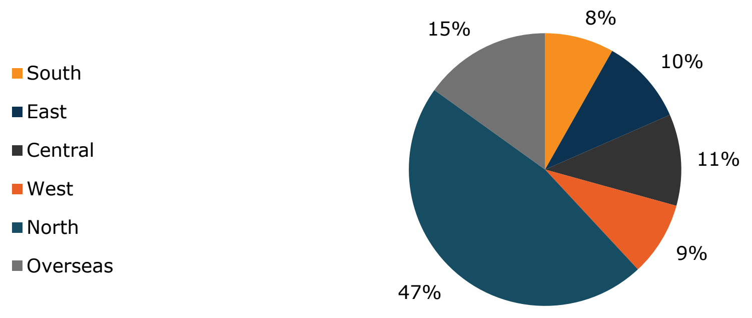
Exhibit 48: Limestone mines in mining lease stage

Stage	Mine	District/State	Mining lease - Execution date	Mining lease - Expiry date	Residual reserves, as on 31-Mar-25 (mtpa)	Type of mine
Mining lease stage	JSW Nandyal Mine	Nandyal, Andhra Pradesh	25-Apr-08	24-Apr-58	105.18	Captive
	Shiva - Khatkurbahal	Sundargarh, Odisha	15-Jan-92	14-Jan-42	57.25	Captive
	Shiva - Khatkurbahal (North)	Sundargarh, Odisha	17-Nov-22	17-Nov-72	18.11	Merchant
	Fujairah	Fujairah, UAE	30-Oct-17	29-Oct-42	193.58	Merchant
	Kolkarhiya	Panna district, Madhya Pradesh	13-Oct-15	13-Oct-65	139.17	Captive
	Mudhvay D	Kutch, Gujarat	19-Dec-22	19-Dec-72	112.72	Merchant
	3B2	Nagaur, Rajasthan	12-Apr-23	12-Apr-73	144.61	Merchant
Stage	**Mine**	**District/State**	**Letter of Intent date**	**Letter of Intent validity period (no of years, unless otherwise indicated)**	**Residual reserves as on 31-Mar-25 (mtpa)**	**Type of mine**
Letter of Intent stage	3D1	Nagaur, Rajasthan	30-Jun-23	3	158.03	Merchant
	3C1	Nagaur, Rajasthan	15-Nov-22	3	168.46	Merchant
	3C2	Nagaur, Rajasthan	15-Nov-22	3	129.65	Merchant
	Pipariya Dyandas	Damoh, Madhya Pradesh	07-Jan-25	3	55.91	
	Satunur (composite license)	Gulbarga, Karnataka	Composite License Deed executed on October 10, 2023, with validity till 9-Oct-26	Mining lease application shall be submitted within 3 years (9-Oct-26)	NA	Merchant
Reserves in India					1,089.09	
Total Limestone residual reserves in Fujairah					193.58	
Total Limestone residual reserves					**1,282.67**	

Source: Company, Emkay Research

- With total limestone reserves of ~1.3bntpa, we believe it is requisite to service the existing and upcoming expansions. Further, given the need to ramp up only cement production from the Nagaur plant, we observe ~47% of the overall limestone reserves located in the region.

Exhibit 49: Limestone mines – Geographic mix

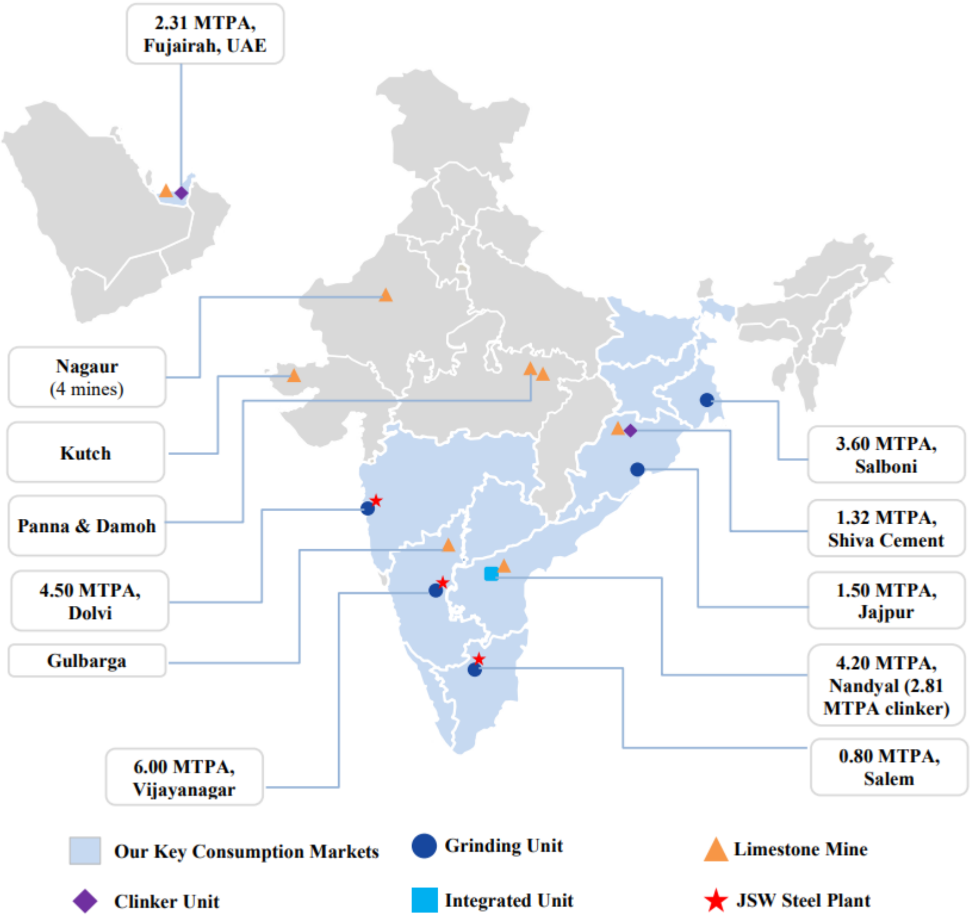


Source: Company, Emkay Research

Strategic plant location and raw material advantage

- JSWCL's plants are strategically located near limestone mines and are well-connected by road and rail for sourcing cost-effective raw materials, such as blast furnace slag, coal, and gypsum.
- For example, its Nandyal plant, which is an integrated unit, is located one kilometer from the JSW Nandyal limestone mine.

Exhibit 50: JSWCL's plants are strategically located and are well-connected to RM sources

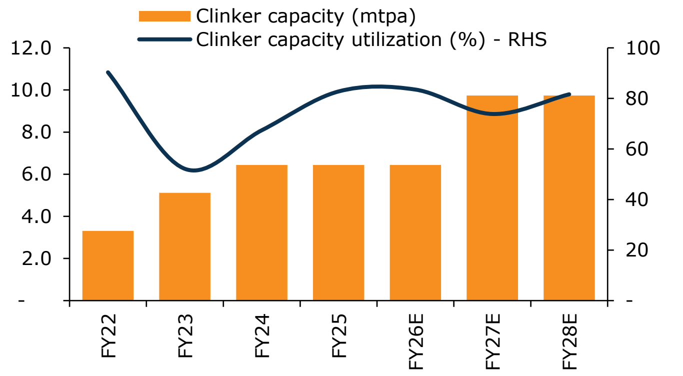


Source: Company, Emkay Research

Volume-driven revenue growth

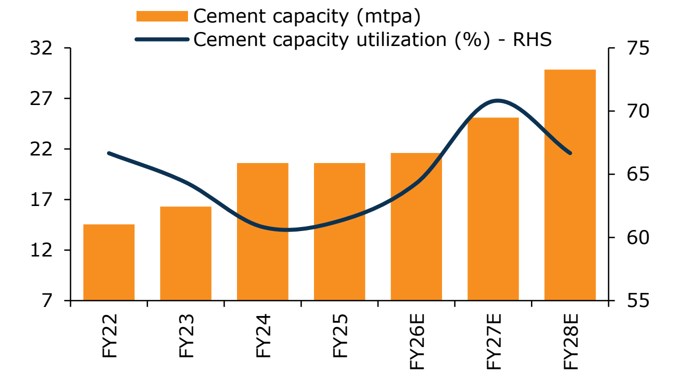
- We expect JSWCL's grinding capacity to scale up to 9.7mtpa and cement capacity to 29.9mtpa by FY28E, reflecting steady execution of its expansion pipeline.

Exhibit 51: Clinker capacity and utilization trends



Source: Company, Emkay Research; Note: Includes JSW's FZC JV capacity of ~2.3mtpa

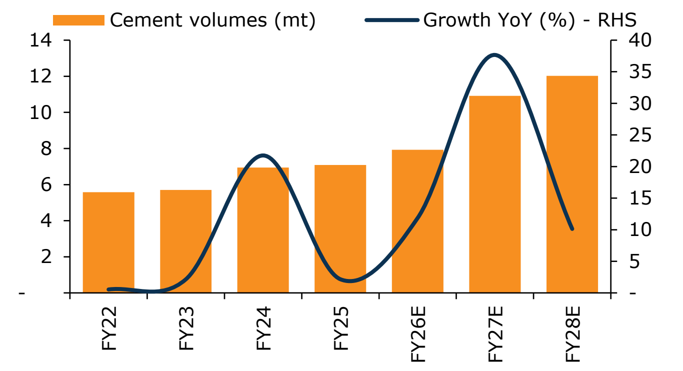
Exhibit 52: Cement capacity and utilization trends



Source: Company, Emkay Research; Note: Includes JSW's FZC JV's volumes

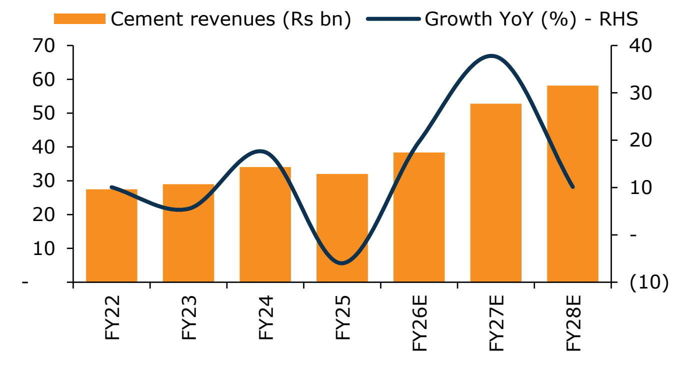
- This capacity addition is likely to drive ~19% CAGR in cement volume and ~22% CAGR in revenue over FY25-28E, highlighting strong volume-led growth potential.

Exhibit 53: Cement volume growth trend



Source: Company, Emkay Research

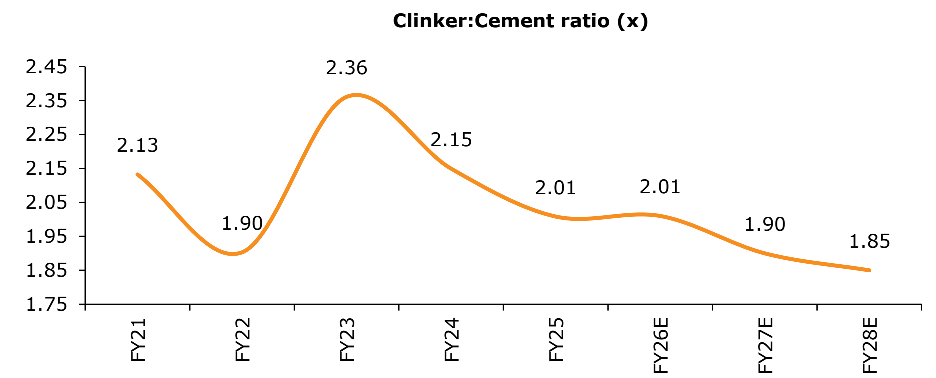
Exhibit 54: Cement revenue growth trend



Source: Company, Emkay Research

- We expect JSWCL's cement-to-clinker to moderate to 1.85x (vs ~2x in FY25) by FY28E, driven by capacity expansion in northern markets, where slag availability is negligible and OPC/PPC forms a larger share of the product mix.

Exhibit 55: Clinker-to-cement trends



Source: Company, Emkay Research

Slag to grant strength; a resilient moat built on GGBS leadership and group synergies

- **GGBS (ground granulated blast furnace slag), a strength-enhancing compound that improves concrete durability, is produced from blast furnace slag – a non-metallic by-product of steelmaking. Slag forms when iron ore, coke, and limestone are melted in a blast furnace with coking coal and fluxes, creating molten iron with slag floating above it at ~1,500-1,600°C.**
- **JSWCL, India's largest GGBS producer with ~84% market share in FY25, is well-placed to benefit from strong demand across the infrastructure, residential, commercial, and industrial segments, with industry volume expected to see ~15% CAGR to 11.9-12.5mt by FY30.**
- **Backed by long-term (3-5Y) slag procurement agreements with JSW Steel and an eastern steel producer, JSWCL enjoys cost stability and superior profitability, delivering an estimated EBITDA/t of ~Rs1,200.**
- **We expect JSWCL to sustain its leadership in GGBS with revenue growing in line with the industry's (~15% CAGR over FY25-28E), forming ~34%/31%/31% of sales and ~57%/47%/48% of EBITDA in FY26E/FY27E/FY28E, respectively.**

GGBS: How it is made

- GGBS is a strength-enhancing compound that improves the durability of a concrete structure. It is obtained from slag, which is a non-metallic by-product of steel plants obtained from blast furnace.
- Slag is formed when iron oxide is converted into pig iron in the blast furnace using coking coal and fluxes. Iron ore, coke, and limestone are fed in the furnace, and the resulting molten slag floats above the molten iron at a temperature of 1,500-1,600°C.

Exhibit 56: GGBS – Manufacturing process

Source: Company, Emkay Research

- Per a study by IIT Bombay, a 40:60 mix of GGBS:OPC in the resultant concrete mix provides higher comprehensive strength across 3, 7, 28, 56, and 365 days to the structure.

Exhibit 57: Compressive strength of concrete

OPC:GGBS mix (megapascals)	3 days	7 days	28 days	56 days	365 days
100	21	29	56	59	68
60:40:00	24	39	64	70	95
50:50:00	21	35	59	61	83
40:60	17	30	58	66	80
30:70	17	29	52	57	77

Source: Company, Emkay Research; Note: Green highlight indicates the higher strength from GGBS + OPC concrete mix vs pure OPC concrete

- Per our channel checks, GGBS (a 50-kg bag) is cheaper than normal OPC cement by Rs130-150/bag. We have attempted to assess the construction cost of building a 300sqft home under two scenarios.
  - Scenario 1 – Construction purely through OPC cement
  - Scenario 2 – Using blend of 40% GGBS and 60% OPC cement
- In Scenario 2, the total cement procurement cost is ~14% lower than constructing a home through 100% OPC.

Exhibit 58: Usage of GGBS is ~14% cheaper than pure OPC consumption

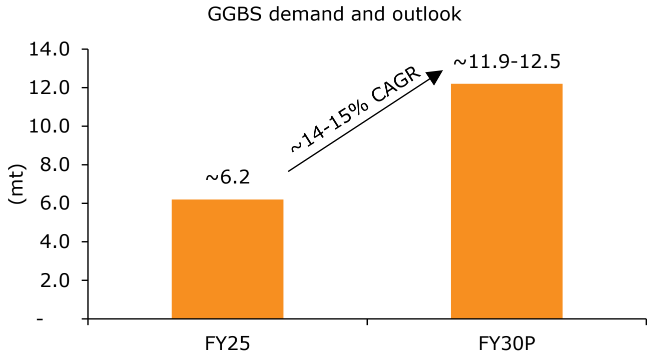
Particulars	Scenario 1	Scenario 2
Construction of a 300sqft house	**100% OPC cement**	**60% OPC cement + 40% GGBS**
Cement bags required (no of)	**30**	**30**
OPC	30	18
GGBS	-	12
Price/bag, incl GST (Rs)		
OPC	400	400
GGBS	NA	265
Amount (Rs)		
OPC	12,000	7,200
GGBS	-	3,180
Total (Rs)	**12,000**	**10,380**
Cost difference		**-14%**

Source: Emkay Research

The green alternative

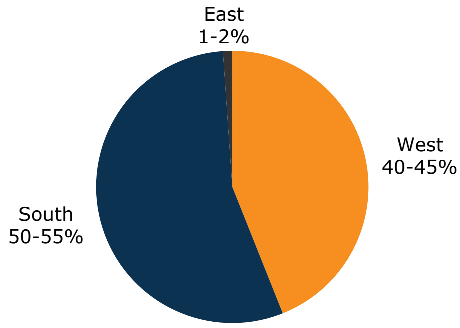
- The demand for GGBS in India is expected to see ~15% CAGR over five years, from ~6.2mt in FY25 to 11.9-12.5mt by FY30P.

Exhibit 59: JSWCL estimates 14-15% CAGR in GGBS demand over FY25-30



Source: Company RHP, Emkay Research

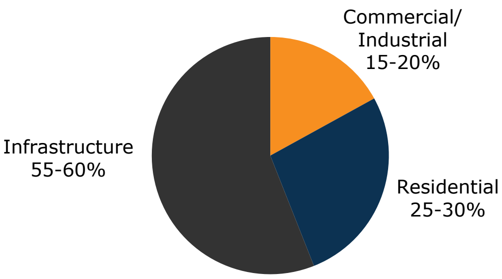
Exhibit 60: Majority of GGBS is consumed in south and west India due to sufficient availability of slag in these regions



Source: Company RHP, Emkay Research

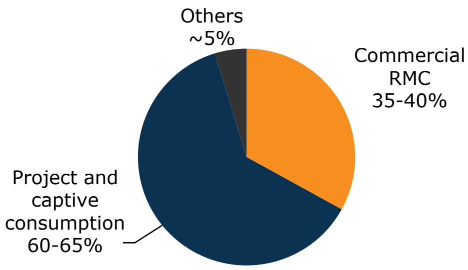
- Availability of blast furnace slag is majorly concentrated in southern and eastern India. Hence, southern India consumes more than half of the total GGBS consumed in the country. Western India is the second-largest GGBS consumer.
- There is no production or consumption of GGBS in northern India owing to the absence of availability of blast furnace slag.

Exhibit 61: Infrastructure is the primary demand driver for GGBS



Source: Company, Emkay Research

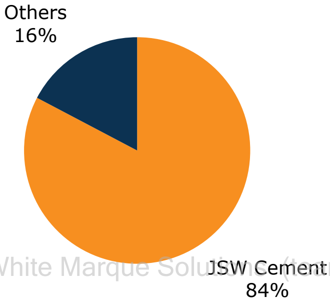
Exhibit 62: Project and captives consume ~2/3rd of GGBS volumes



Source: Company, Emkay Research

- JSW Cement was the largest supplier of GGBS in India during FY25, with ~84% share. Other notable Indian suppliers of GGBS are Sri Balaha Chemicals Pvt (Andhra Pradesh), Sagar Cements (Andhra Pradesh), My Home Industries Pvt (Andhra Pradesh), Chettinad Cement Corporation Pvt (Andhra Pradesh), Ultrafine Minerals & Admixtures Pvt (Maharashtra), Suyog Elements India Pvt (Gujrat), Pyramid industries (Gujrat), and STP & Sons (Maharashtra).

Exhibit 63: JSW captured ~84% of market share in the GGBS segment in FY25

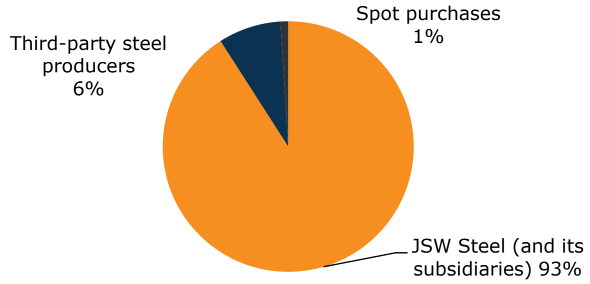


Source: Company RHP, Emkay Research

Group synergies to drive margin

- In FY25, JSWCL procured ~93% of its slag requirements through long-term contracts with JSW Steel and its subsidiaries.

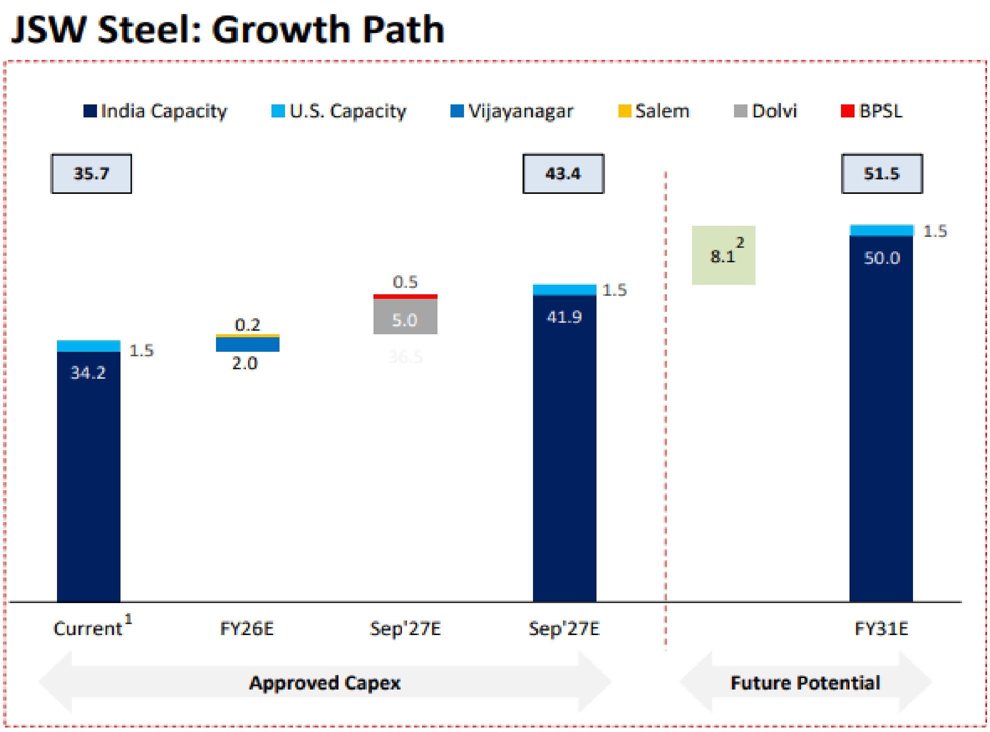
Exhibit 64: Source of blast furnace slag for JSWCL in FY25



Source: Company, Emkay Research

- JSW Steel's upcoming capacity additions in Dolvi, MH (5mtpa) and Vijayanagar, KR (2mtpa) ensure requisite availability of in-house slag to support ~15% volume CAGR in GGBS.

Exhibit 65: JSW Steel's upcoming capacity to support GGBS growth



Source: Company, Emkay Research; Note: 1) 1.7mt capacity at JVML-Vijayanagar under commissioning; 2) Subject to board approvals

- JSWCL enjoys superior margins in the GGBS segment owing to sustained supply of slag from JSW Steel and its subsidiaries at a fixed rate (subject to annual revisions based on WPI).

- JSWCL procures >90% of its slag requirements for the manufacture of GGBS, from JSW Steel. JSW Steel's domestic steel capacity stood at ~34mtpa in FY25 which aims to expand by 7mtpa (5mtpa in Dolvi and 2mtpa Vijaynagar) in the next 2-3 years.

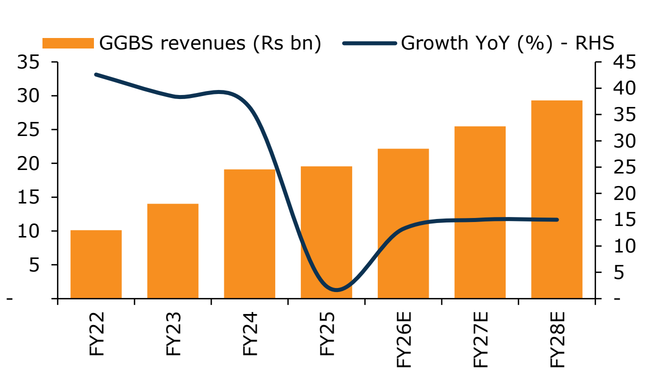
Exhibit 66: Expansion in JSW Steel ensures adequate supply of slag for GGBS production

Particulars	FY25	FY26E	FY27E	FY28E
JSW Steel - India capacity (mtpa)	34.2	36.4	36.4	41.9
Assumed utilization rate (%)	91.0	85.0	85.0	80.0
Steel production (mt)	31.1	30.9	30.9	33.5
Slag conversion (30% of production) - (A)	**9.3**	**9.3**	**9.3**	**10.1**
Slag requirement for PSC and PCC (mt) - (B)	1.7	1.8	1.8	1.9
Slag availability for GGBS (mt) - (A-B)	**7.6**	**7.5**	**7.5**	**8.2**

Source: Company, Emkay Research; Note: PSC and PCC slag requirement is assumed at 2% CAGR

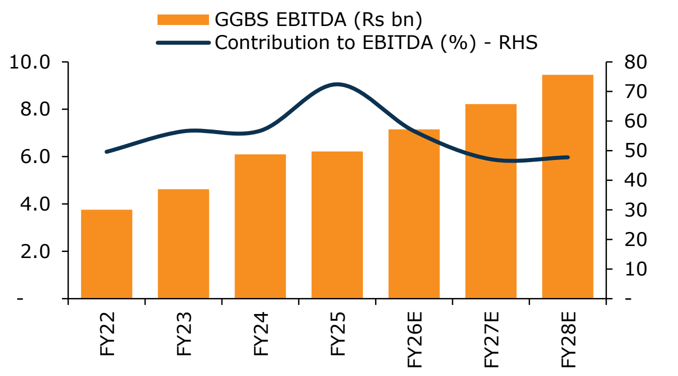
- At optimal utilization levels of existing and new capacities, we observe adequate slag availability for JSWCL for the manufacture of GGBS and supporting ~15% CAGR for this.
- We expect JSWCL to maintain its leadership in the GGBS market, with revenue CAGR at ~15% over FY25-28E. GGBS is projected to contribute ~34%/31%/31% of sales and EBITDA/t of ~Rs1,200, accounting for ~57%/47%/48% of overall EBITDA in FY26E/FY27E/FY28E, respectively.

Exhibit 67: GGBS – Revenue trend



Source: Company, Emkay Research

Exhibit 68: GGBS – Estimated EBITDA and contribution to EBITDA trend



Source: Company, Emkay Research

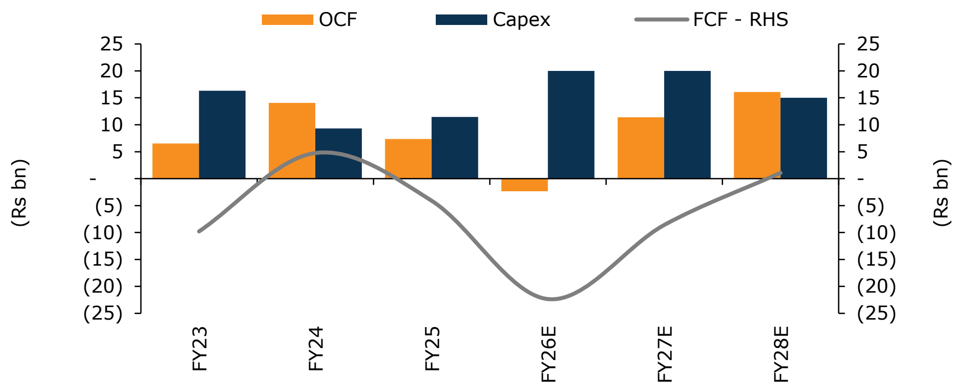
Balancing growth with leverage discipline

- **Given the pace of addition of planned capacity, we believe JSWCL would spend Rs55bn as capex cash outflow over FY26E-28E vs operating cash generation of ~Rs40bn (adjusting for the FVTPL non-cash expense) over the same period. Hence, despite fresh equity funding (Rs16bn), we see the net debt-to-EBITDA falling slightly below 3x over FY26E-28E from ~4.5x in FY25.**
- **We also note the aggressive leverage position in top JSW group companies (JSW Steel, JSW Energy, and JSW Infrastructure) vs peers in the respective sectors which indicates the group's penchant of growing at a faster pace than the industry's.**

Heavy capex to keep the leverage elevated

- JSWCL is expected to incur ~Rs55bn in capex cash outflows over FY26E-28E compared to operating cash generation of ~Rs40bn (after adjusting for the non-cash FVTPL expense) during the same period.

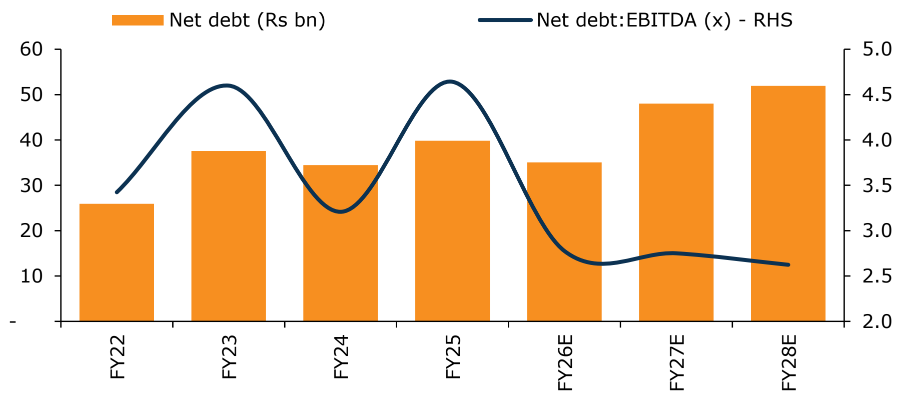
Exhibit 69: Cashflow trends



Source: Company, Emkay Research

- Despite the planned equity infusion of Rs16bn, we expect net debt-to-EBITDA to decline only modestly to slightly below 3x during FY26E–28E from ~4.5x in FY25.

Exhibit 70: Net debt:EBITDA trends



Source: Company, Emkay Research

Aggressive and levered – A group template

- Key JSW group entities: JSW Energy and JSW Steel also operate with higher leverage compared to respective sector peers.

Exhibit 71: Net debt-to-EBITDA trends of JSW Energy and peers

Net debt-to-EBITDA (x)	FY21	FY22	FY23	FY24	FY25
JSW Energy	2.3	2.2	6.3	5.0	8.6
NTPC	1.6	1.5	1.4	1.4	1.2
Tata Power	4.7	5.8	4.9	3.8	3.8

Source: Company, Emkay Research

Exhibit 72: Net debt-to-EBITDA trends of JSW Steel and its peers

Net debt-to-EBITDA (x)	FY21	FY22	FY23	FY24	FY25
JSW Steel	1.9	1.3	3.2	2.6	3.6
Jindal Steel	6.2	1.7	1.0	1.5	1.7
SAIL	2.7	0.7	3.2	2.9	3.1
TATA	2.4	0.8	2.1	3.3	3.2

Source: Company, Emkay Research

- This leverage profile highlights the group's strategic preference for pursuing growth at a faster-than-industry pace and can be seen in the case of JSWCL as well.

Exhibit 73: Net debt-to-EBITDA trends of JSW Cement and its peers

Net debt-to-EBITDA (x)	FY25	FY26E	FY27E	FY28E
JSW Cement	6.9	2.8	2.8	2.6
JK Cement	1.6	1.3	0.7	0.3
Ramco Cements	3.6	2.4	1.6	1.3
Dalmia Bharat	0.3	0.4	0.4	0.2
Nuvoco Vistas*	2.6	2.3	1.9	1.2
Birla Corporation*	2.6	1.8	1.8	1.7

*Source: Company, Bloomberg, Emkay Research; Note: *As per Bloomberg estimates*

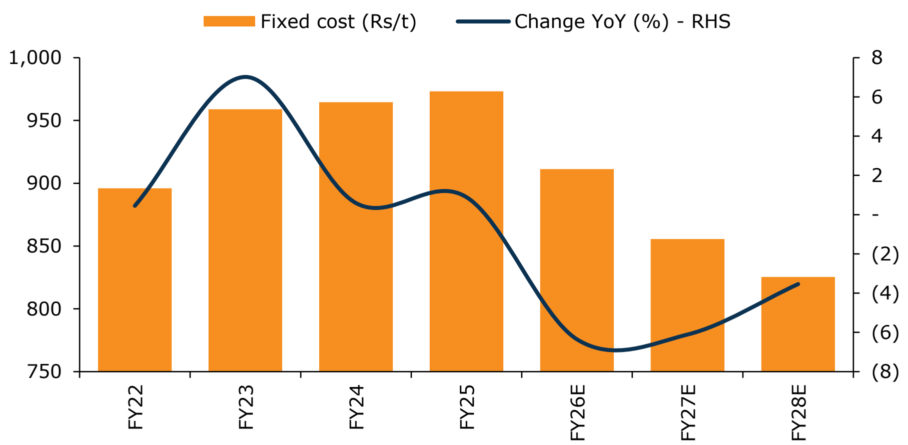
Outlook and Valuation

- **JSWCL is executing on multiple fronts, expanding capacity and market share, driving cost efficiencies, and maintaining a healthy balance sheet to position itself as a meaningful mid-size cement player. Alongside its own efforts, the strong backing of the JSW group should provide additional cost synergies and support. We expect JSWCL to clock EBITDA/t of Rs909, Rs982, and Rs995 in FY26E, FY27E, and FY28E from Rs679 in FY25.**
- **We benchmark JSWCL against other mid-size peers, such as JK Cement, The Ramco Cements, Nuvoco Vistas, and Birla Corporation. On parameters like capacity/volume growth and EBITDA expansion, JSWCL is at par or ahead of peers, including segment leader JK Cement. However, it continues to lag in profitability (EBITDA/t), balance sheet strength, and return ratios. Mid-size players with 25-50mtpa capacity typically trade in the 7-15x 1Y forward EV/EBITDA range.**
- **On close observation, we find striking similarities between JSWCL and JKCE, such as i) presence in high-margin, value-added product segment (white cement for JKCE and GGBS for JSWCL); ii) similar capacity levels; iii) dual-region geography base; and iv) backing by a strong parentage; hence, we consider JKCE as a worthy peer for JSWCL. Further, we find that JKCE was awarded a higher multiple during (FY21-26) years following the demonstrable improvement in unit profitability in the grey cement business.**
- **Considering the above-mentioned parameters and the valuation range of mid-size cement companies, we value JSWCL at 12x EV/EBITDA (a notch lower than the current JK Cement valuation) on Sep-27E EBITDA. We arrive at a TP of Rs135 and recommend REDUCE on the stock.**

Strategic actions translating into financial performance

- JSWCL is advancing on multiple fronts, expanding capacity and market share, driving cost efficiencies, and maintaining a healthy balance sheet to strengthen its position as a mid-size cement player.
- As part of this growth, we estimate the company would accrue operating leverage benefits of Rs150/t over FY25-28E on ramp-up of the Nagaur plant and optimal utilization of clinkers from Shiva Cement (led by commissioning of the Sambalpur GU).

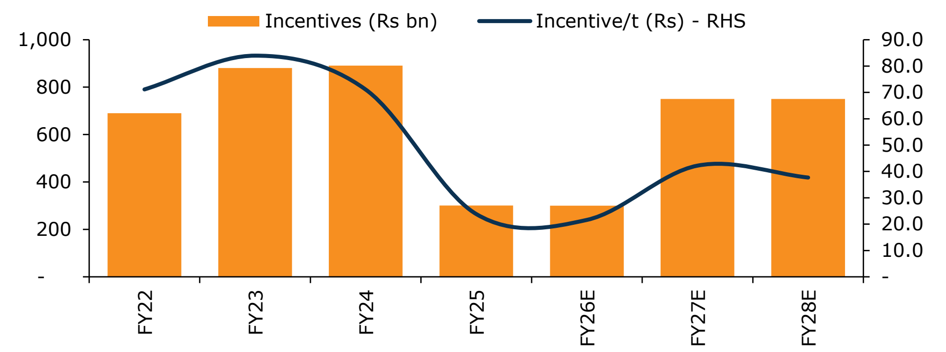
Exhibit 74: Unit fixed-cost trends



Source: Company, Emkay Research

- Additionally, JSWCL's upcoming Nagaur plant is expected to boost the current incentive run-rate of ~Rs25/t (FY25) to ~Rs40/t in FY27E and FY28E each.

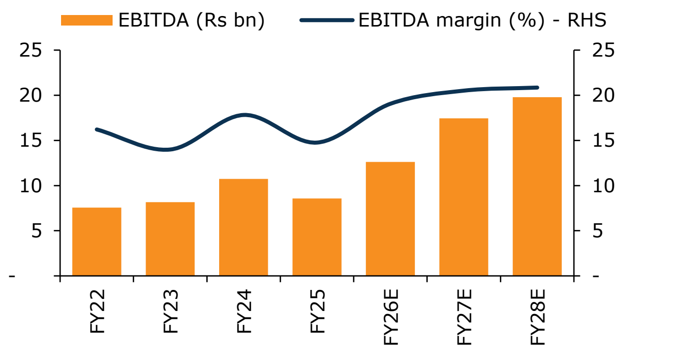
Exhibit 75: Incentive trend



Source: Company, Emkay Research

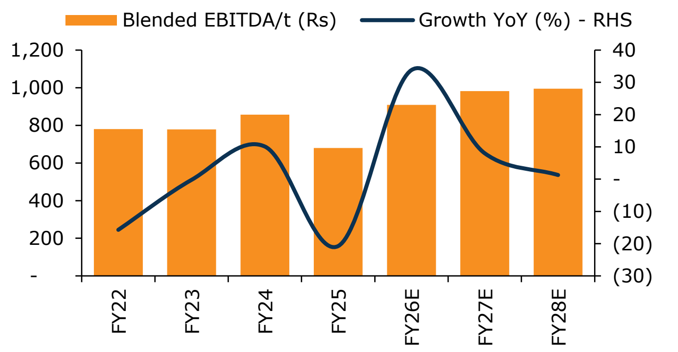
- Given the above-mentioned factors, along with a stable pricing scenario in South India, we see EBITDA/t of Rs909, Rs982, and Rs995 in FY26E, FY27E, and FY28E from Rs679 in FY25.

Exhibit 76: EBITDA margin trends



Source: Company, Emkay Research

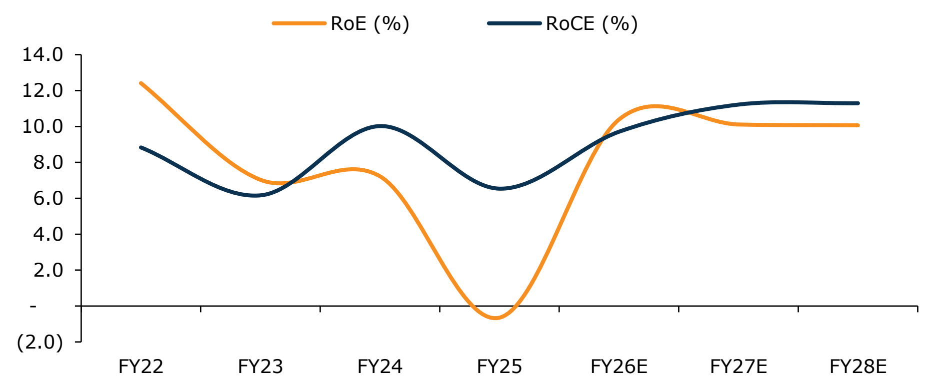
Exhibit 77: EBITDA/t trend



Source: Company, Emkay Research

- Thus, we expect both RoE and RoCE to recover over FY26E–28E, reaching 10.1% and 11.3% in FY28E vs -0.6% and 6.5% in FY25, respectively, reflecting improving profitability and better capital utilization.

Exhibit 78: Return ratio trends



Source: Company, Emkay Research; Note: RoE adjusted for FVTPL (fair value through profit or loss)

Peer benchmarking and valuation

- We benchmark JSWCL against mid-size peers such as JK Cement, The Ramco Cements, Dalmia Bharat, Nuvoco Vistas, and Birla Corporation, due to all having similar capacities.

Exhibit 79: Cement capacity growth trends of relevant peers

Capacity (mtpa)	FY25	FY26E	FY27E	FY28E	FY25-28E CAGR (%)
JSW Cement	20.6	21.6	25.1	29.9	13.2
JK Cement	24.9	31.8	31.8	38.8	16.0
Ramco Cements	24.2	29.7	29.7	29.7	7.1
Dalmia Bharat	49.5	49.5	55.5	63.5	8.7
Nuvoco Vistas*	25.0	31.0	35.0	35.0	11.9
Birla Corporation*	20.0	20.0	21.4	25.0	7.7

*Source: Company, Emkay Research; Note: *Company filings*

- On volume growth and EBITDA expansion, JSWCL is at par or ahead of peers, including segment leader JK Cement. Despite its operational progress, JSWCL lags peers on profitability (EBITDA/t), balance sheet strength, and return ratios. Mid-size companies with 25-50mtpa capacity typically trade at 7-15x 1Y forward EV/EBITDA.

Exhibit 80: Total volume trend of our coverage universe

Blended volume (mt)	FY25	FY26E	FY27E	FY28E	FY25-28E CAGR (%)
JSW Cement	12.6	13.9	17.8	19.9	16.4
JK Cement	20.0	22.4	25.5	27.2	10.8
Ramco Cements	18.5	18.5	20.9	22.5	6.7
Dalmia Bharat	29.4	30.0	32.3	37.2	8.2

Source: Company, Emkay Research

Exhibit 81: Blended EBITDA/t trends of relevant peers

Blended EBITDA/t (Rs)	FY25	FY26E	FY27E	FY28E
JSW Cement	679	909	982	995
JK Cement	1,012	1,253	1,340	1,372
Ramco Cements	666	1,026	1,122	1,187
Dalmia Bharat	819	1,118	1,173	1,275
Nuvoco Vistas*	712	-	-	-
Birla Corporation*	673	-	-	-

Source: Company, Emkay Research; Note: Not in our coverage

Exhibit 82: EBITDA growth trend of relevant peers

EBITDA (Rs bn)	FY25	FY26E	FY27E	FY28E	FY25-28E CAGR (%)
JSW Cement	8.6	12.6	17.4	19.8	32.1
JK Cement	20.3	28.0	34.2	37.4	22.6
Ramco Cements	12.3	19.0	23.4	26.7	29.4
Dalmia Bharat	24.1	33.5	37.9	47.5	25.4
Nuvoco Vistas*	13.8	18.9	21.5	24.7	21.5
Birla Corporation*	12.6	14.9	17.4	19.6	15.8

*Source: Company, Bloomberg, Emkay Research; Note: *As per Bloomberg estimates*

Exhibit 83: Working capital days of relevant peers in our coverage universe

Working capital days (no of)	FY25	FY26E	FY27E	FY28E
JSW Cement	0	0	2	2
JK Cement	25	25	25	25
Ramco Cements	36	36	36	36
Dalmia Bharat	19	19	19	19

Source: Company, Emkay Research

Exhibit 84: Net debt-to-EBITDA trends of relevant peers

Net debt-to-EBITDA (x)	FY25	FY26E	FY27E	FY28E
JSW Cement	6.9	2.8	2.8	2.6
JK Cement	1.6	1.3	0.7	0.3
Ramco Cements	3.6	2.4	1.6	1.3
Dalmia Bharat	0.3	0.4	0.4	0.2
Nuvoco Vistas*	2.6	2.4	2.0	1.4
Birla Corporation*	2.6	1.8	1.8	1.8

*Source: Company, Bloomberg, Emkay Research; Note: *As per Bloomberg estimates*

Exhibit 85: RoCE trends of relevant peers from our coverage universe

RoCE (%)	FY25	FY26E	FY27E	FY28E
JSW Cement	6.5	9.7	11.2	11.3
JK Cement	14.2	18.4	21.2	21.8
Ramco Cements	4.1	8.7	12.6	14.0
Dalmia Bharat	5.4	9.3	10.0	12.7

Source: Company, Emkay Research

Exhibit 86: RoE trends of relevant peers

RoE (%)	FY25	FY26E	FY27E	FY28E
JSW Cement	(0.6)	10.4	10.1	10.1
JK Cement	13.2	18.1	20.1	19.4
Ramco Cements	1.1	6.9	10.0	11.3
Dalmia Bharat	4.7	7.8	8.4	11.0
Nuvoco Vistas*	0.2	4.7	5.3	6.8
Birla Corporation*	4.9	7.2	8.6	9.1

*Source: Company, Bloomberg, Emkay Research; Note: *As per Bloomberg estimates; JSWCL's RoE adjusted for FVTPL (Fair value through profit or loss)*

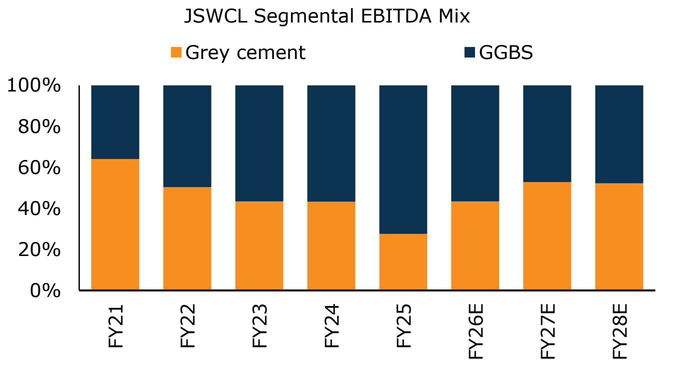
Exhibit 87: EV/EBITDA of relevant peers

EV/EBITDA (x)	FY25	FY26E	FY27E	FY28E
JSW Cement	22.3	17.5	13.4	12.0
JK Cement	27.2	18.9	15.1	13.5
Ramco Cements	22.9	15.6	12.3	10.6
Dalmia Bharat	17.5	12.1	10.7	8.7
Nuvoco Vistas*	13.5	10.8	9.6	8.3
Birla Corporation*	10.4	7.9	6.8	6.1

*Source: Company, Bloomberg, Emkay Research; Note: *As per Bloomberg estimates*

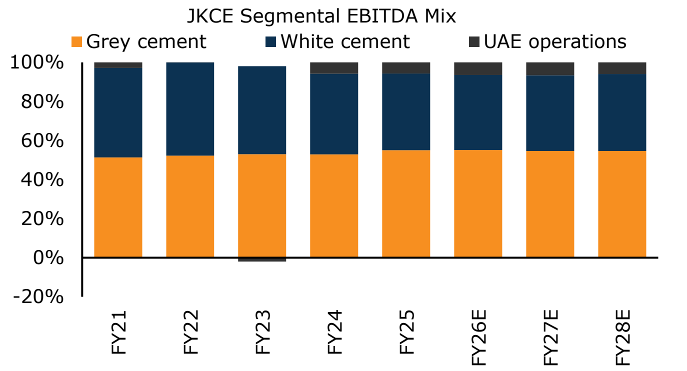
- We note a significant parallel between JSWCL and JKCE, including 1) a strong presence in high-margin, value-added products (JKCE: white cement; and JSWCL: GGBS); 2) comparable capacity scale (Exhibit 79) and operations spanning dual regions (Exhibit 90); 3) support from financially-robust parent groups.

Exhibit 88: JSWCL's EBITDA includes high-margin, value-added products such as GGBS…



Source: Company, Emkay Research

Exhibit 89: …a similar trend is observed in JKCE, with white cement contributing >40% to its EBITDA



Source: Company, Emkay Research

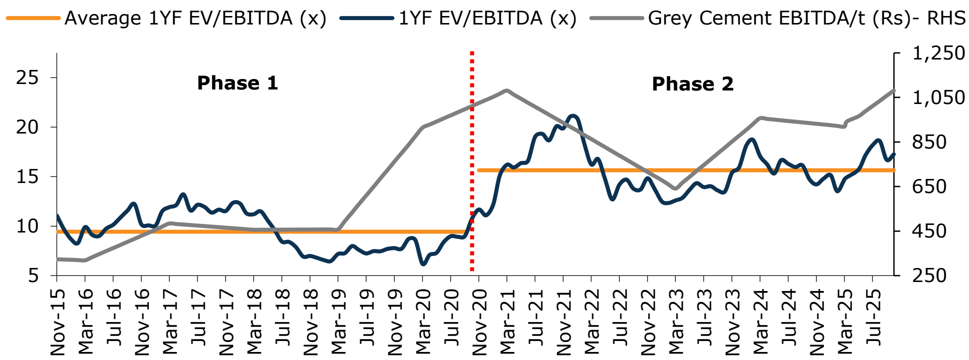
Exhibit 90: Geographical presence of peers

Geographical presence	North	West	Central	East	South
JSW Cement	✓	✓			✓
JK Cement	✓		✓	✓	
Ramco Cements				✓	✓
Dalmia Bharat		✓		✓	✓
Nuvoco Vistas	✓			✓	
Birla Corporation			✓		

Source: Company, Emkay Research

- Notably, JKCE's valuation multiple expanded during FY15-25, following a clear improvement in grey cement unit profitability.

Exhibit 91: JKCE's valuation multiple rose from ~9x (Phase-1) to ~16x (Phase-2) 1YF EV/EBITDA during FY15-25, on the back of improvement in grey cement EBITDA/t



Source: Company, Bloomberg, Emkay Research

- Hence, we value JSWCL at 12x Sep-27E EV/EBITDA, deriving a target price of Rs135 and assign **REDUCE**.

Exhibit 92: Valuation summary

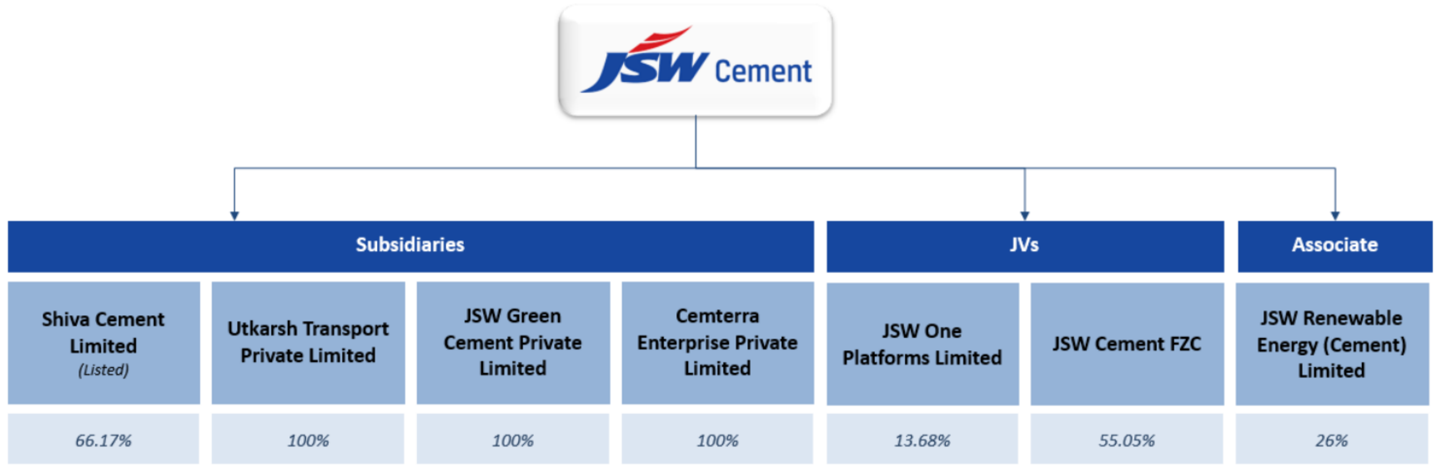
Valuation summary	Q2FY28E
EBITDA (Rs mn)	**18,621**
Assumed EV/EBITDA (x)	12
EV (Rs mn)	223,452
Net debt - Q2FY27E (Rs mn)	**41,522**
M-Cap (Rs mn)	**181,930**
No of shares (mn)	1,363
Target Price (Rs)	**135**

Source: Emkay Research

Annexure: Company background

- JSW Cement (JSWCL) is part of the JSW group, a multinational conglomerate with a portfolio of diversified businesses across various sectors, such as steel, energy, maritime, infrastructure, defense, B2B e-commerce, realty, paints, sports, and venture capital.

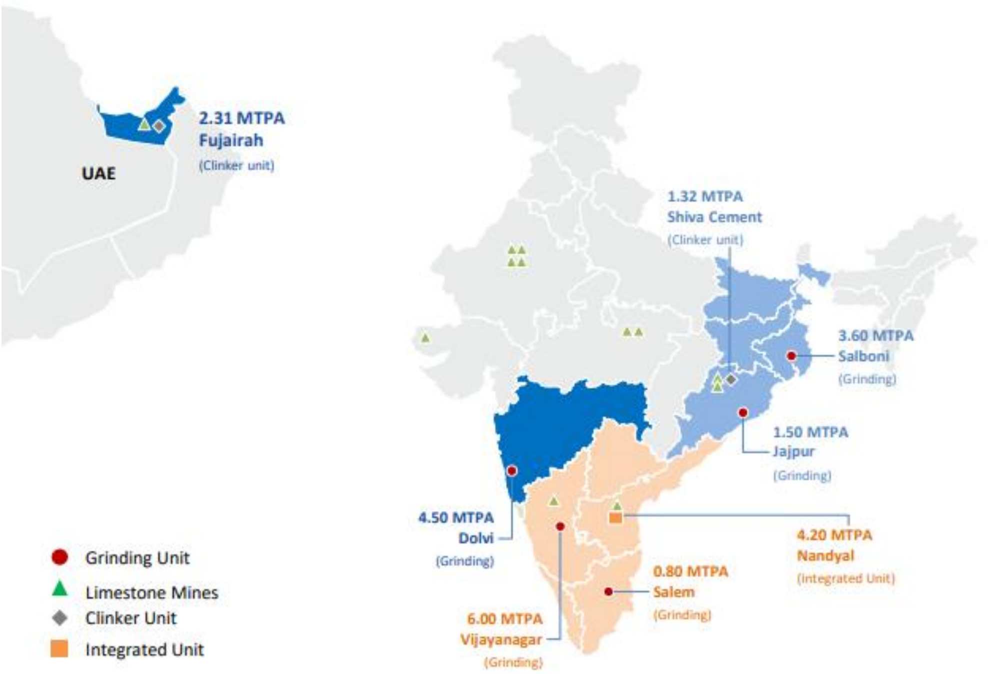
Exhibit 93: JSWCL – Corporate structure



Source: Company, Emkay Research

- JSWCL commenced operations in CY09 in southern India through a single grinding unit in Vijayanagar, Karnataka. Since then, the company has expanded its presence across the southern, western, and eastern regions in India as well as in the UAE.
- Currently, JSWCL's cement capacity mix is spread across southern India (53%), western India (22%), and eastern India (25%). The UAE clinker unit is used in serving the western India operations of the company

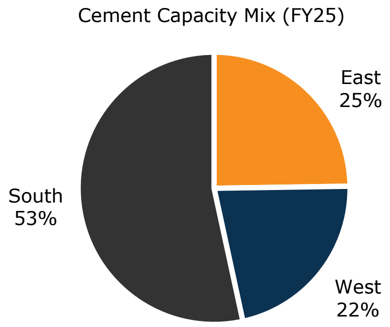
Exhibit 94: Manufacturing footprint of JSWCL



Source: Company, Emkay Research

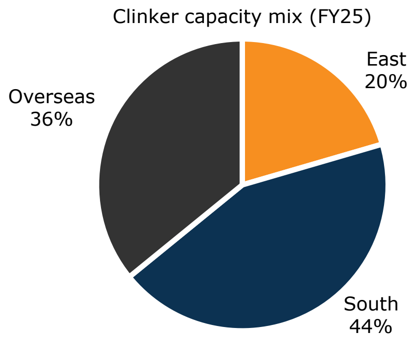
- JSWCL's clinker capacity in FY25 stands at 6.4mtpa, comprising 4.1mtpa domestic and 2.3mtpa overseas (Fujairah, UAE). Within the domestic portfolio, capacity is skewed toward the South (~68%), led by the Nandyal unit in Andhra Pradesh (2.8mtpa), with the balance in the East (~32%) at Shiva Cement in Odisha (1.3mtpa).

Exhibit 95: South and west India contribute ~75% of the capacity mix



Source: Company, Emkay Research

Exhibit 96: Almost 64% of the clinker capacity is housed in India



Source: Company, Emkay Research; Note: Overseas clinker is used at JSWCL's Dolvi grinding unit and is sold to third-party customers across India, the rest of South Asia, Africa, and the Gulf Cooperation Council

- JSWCL's product portfolio consists of blended cement (including PSC and PCC), GGBS, Ordinary Portland cement (OPC), clinker, and a range of allied cementitious products such as ready-mix concrete (RMC), screened slag, construction chemicals, and waterproofing compounds.

Exhibit 97: Product offerings under the 'JSW' brand

Source: Company, Emkay Research

Exhibit 98: Management profile

Name	Designation	Brief Bio
Seshagiri Rao Venkata Satya Metlapalli	Chairman and Non-Executive Director	Holds a bachelor's degree in commerce from Nagarjuna University, a diploma in business finance from the Institute of Chartered Financial Analysts of India, and is a member of both—the Indian Institute of Bankers and the Institute of Company Secretaries of India. With 26 years at JSW Steel as joint managing director and CFO, he is now the group CFO at JW Holding.
Parth Jindal	Managing Director and Promoter	Holds a bachelor's degree in arts (economics and political science) from Brown University and an MBA from Harvard University; is the founder of JSW Sports Private. Currently the managing director of JSW Paints Limited, he has over 14 years of experience in management and finance, has received the GenNext Entrepreneur award at the Forbes India Leadership Awards 2024, and was recognized in the ET as 40 under Forty (2019) and GQ's 50 most influential young Indians (2018).
Nilesh Narwekar	Whole Time Director and Chief Executive Officer	Holds a bachelor's degree in technology from the University of Calicut and a master's in management studies from the Jamnalal Bajaj Institute of Management Studies. With over 24 years of advisory experience, including as a partner at PWC, he has been responsible for overall business management at the company since Jul-17
Narinder Singh Kahlon	Director - Finance and Commercial and Chief Financial Officer	Holds a bachelor's degree in commerce from Panjab University and has passed the final examination of the Institute of Chartered Accountants of India. With over 26 years of experience in finance, auditing, and tax laws, he has been responsible for the finance, accounts, and commercial functions of the company since Jun-14, and has been with the JSW Group since 2007.
Kantilal Narandas Patel	Non-Executive Non-Independent Director	Holds a bachelor's degree in commerce from the University of Bombay, has completed a management development program at IIM Calcutta, and is a qualified Chartered Accountant. With over 46 years of experience in finance, management, and leadership, he has served as VP, Finance at Jindal Iron & Steel Company and as joint managing director and CEO of JSW Holdings Limited.
Utsav Baijal	Non-Executive Nominee Director	Holds a bachelor's degree in economics from St Stephens College, University of Delhi, and a postgraduate management degree from IIM Ahmedabad. With over 23 years of experience in management and leadership, he is currently a partner at Apollo Global Management and serves on the boards of Clix Capital Services, Planet Cast Media Services, and Wholsum Foods.
Pankaj Rajabhau Kulkarni	Independent Director	Holds a bachelor's degree in engineering from the College of Engineering, Pune, a master's in technology from IIT Madras, and a master's in financial management from Jamnalal Bajaj Institute of Management Studies. With over 32 years of experience in management and leadership, he is currently a director at EC Metals (India) Private Limited and was previously CEO of JSW Aluminum and JSW Steel's special projects, as well as a director at Santa Fe Mining, Chile.
Sutapa Banerjee	Independent Director	Holds a post-graduate honors diploma in personnel management and industrial relations from XLRI, Jamshedpur. She was an advanced leadership fellow at Harvard University in 2015. She was previously associated with ABN AMRO Bank and Ambit Capital Private. She has 27 years of experience in financial services and banking.
Sumit Banerjee	Independent Director	Holds a bachelor's degree in mechanical engineering from IIT Kharagpur and has completed executive programs at Harvard Business School and IIM Ahmedabad. With 35 years of experience in management and leadership, he has served as MD and CEO of ACC, held senior roles at Reliance Cement, Larsen & Toubro, and Hindalco Industries, and received the Corporate Citizen of the Year award at the CNBC-TV18 Indian Business Leader Awards in 2009.
Akshay Chudasama	Independent Director	Holds a bachelor's degree in arts from Franklin and Marshall College and is a member of the Pennsylvania Institute of Certified Public Accountants. With over 27 years of experience in audit, accounting, risk management, banking, and investment management, he has held senior roles at JP Morgan, Bank of America, UBS AG, L Catterton Singapore, and LCMEA Growth Investment Management
Aashish Kamat	Chief Risk Officer	Holds a bachelor's degree in arts from Delhi University and a postgraduate diploma in business management from IMT Ghaziabad, with over 31 years of experience in risk management, industry knowledge, and decision-making. Associated with the company since 2011, he has previously worked with Citibank, CitiCorp Finance, RPG Itochu Finance, and others.
Raghav Chandra	Independent Director	Holds a bachelor's and a postgraduate degree in mathematics, as well as a postgraduate degree in public administration from Harvard University. With ~35 years of experience in public administration, he has served as an IAS officer, Secretary to the Government of India, Chairman of the National Highway Authority of India, and Additional Secretary in the Ministry of Agriculture.
Preeti Reddy	Independent Director	Holds a bachelor's degree in economics from the University of Delhi and a postgraduate diploma in business management from XLRI Jamshedpur. With over 18 years of experience in consulting, market research, and data analytics, she has previously worked with VST Industries, KSA Technopak, TNS India, IMRB International, and Kantar Consumer Insights.

Source: Company, Emkay Research

JSW Cement: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**60,281**	**58,131**	**66,251**	**85,067**	**94,927**
Revenue growth (%)	3.3	(3.6)	14.0	28.4	11.6
EBITDA	**10,742**	**8,582**	**12,627**	**17,449**	**19,793**
EBITDA growth (%)	31.5	(20.1)	47.1	38.2	13.4
Depreciation & Amortization	2,783	3,103	3,306	4,235	4,835
EBIT	**7,959**	**5,478**	**9,321**	**13,213**	**14,958**
EBIT growth (%)	79.4	(31.2)	70.1	41.8	13.2
Other operating income	-	-	-	-	-
Other income	(548)	(429)	850	850	850
Financial expense	4,347	4,501	3,951	3,848	4,514
PBT	**3,064**	**548**	**6,220**	**10,216**	**11,294**
Extraordinary items	0	0	0	0	0
Taxes	1,623	1,201	0	3,868	4,333
Minority interest	278	497	497	497	497
Income from JV/Associates	(820)	(985)	(374)	(298)	(185)
Reported PAT	**898**	**(1,141)**	**6,343**	**6,547**	**7,273**
PAT growth (%)	(34.3)	0	0	3.2	11.1
Adjusted PAT	**898**	**(1,141)**	**6,343**	**6,547**	**7,273**
Diluted EPS (Rs)	**0.9**	**(1.2)**	**4.7**	**4.8**	**5.3**
Diluted EPS growth (%)	(34.3)	0	0	3.2	11.1
DPS (Rs)	**0**	**0**	**0**	**0**	**0**
Dividend payout (%)	**0**	**0**	**0**	**0**	**0**
EBITDA margin (%)	17.8	14.8	19.1	20.5	20.9
EBIT margin (%)	13.2	9.4	14.1	15.5	15.8
Effective tax rate (%)	53.0	219.1	0	37.9	38.4
NOPLAT (pre-IndAS)	**3,742**	**(6,524)**	**9,321**	**8,210**	**9,220**
Shares outstanding (mn)	986	986	1,363	1,363	1,363

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	9,864	9,864	13,634	13,634	13,634
Reserves & Surplus	14,783	13,662	51,041	57,090	63,867
Net worth	**24,647**	**23,526**	**64,674**	**70,724**	**77,501**
Minority interests	(792)	198	(299)	(796)	(1,292)
Non-current liab. & prov.	3,806	4,557	4,557	4,557	4,557
Total debt	**58,358**	**61,666**	**42,297**	**58,959**	**59,831**
Total liabilities & equity	**89,902**	**93,584**	**114,867**	**137,082**	**144,234**
Net tangible fixed assets	52,940	58,426	80,119	90,884	101,049
Net intangible assets	8,945	9,421	9,421	9,421	9,421
Net ROU assets	-	-	-	-	-
Capital WIP	7,700	20,228	15,228	20,228	20,228
Goodwill	-	-	-	-	-
Investments [JV/Associates]	4,323	1,245	1,245	1,245	1,245
Cash & equivalents	**6,428**	**3,445**	**7,246**	**10,967**	**7,897**
Current assets (ex-cash)	20,078	19,079	22,887	29,543	28,830
Current Liab. & Prov.	23,287	26,456	29,733	34,318	33,893
NWC (ex-cash)	**(3,209)**	**(7,377)**	**(6,846)**	**(4,775)**	**(5,064)**
Total assets	**89,902**	**93,584**	**114,867**	**137,082**	**144,234**
Net debt	51,930	58,221	35,051	47,992	51,934
Capital employed	89,902	93,584	114,867	137,082	144,234
Invested capital	**58,676**	**60,470**	**82,694**	**95,530**	**105,406**
BVPS (Rs)	25.0	23.9	47.4	51.9	56.8
Net Debt/Equity (x)	2.1	2.5	0.5	0.7	0.7
Net Debt/EBITDA (x)	4.8	6.8	2.8	2.8	2.6
Interest coverage (x)	1.7	1.1	2.6	3.7	3.5
RoCE (%)	**10.0**	**6.5**	**9.7**	**11.2**	**11.3**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	2,244	(436)	(8,817)	9,918	11,109
Others (non-cash items)	2,769	2,112	0	0	0
Taxes paid	(1,057)	(311)	0	(3,868)	(4,333)
Change in NWC	2,992	(1,603)	(531)	(2,071)	289
Operating cash flow	**14,077**	**7,367**	**(2,349)**	**11,403**	**16,070**
Capital expenditure	(9,322)	(11,460)	(20,000)	(20,000)	(15,000)
Acquisition of business	-	-	-	-	-
Interest & dividend income	254	1,340	0	0	0
Investing cash flow	**(11,198)**	**(5,580)**	**(20,000)**	**(20,000)**	**(15,000)**
Equity raised/(repaid)	0	795	49,966	0	0
Debt raised/(repaid)	2,615	1,950	(19,369)	16,662	871
Payment of lease liabilities	(321)	(407)	0	0	0
Interest paid	(4,502)	(4,656)	(4,447)	(4,344)	(5,011)
Dividend paid (incl tax)	-	-	-	-	-
Others	-	-	-	-	-
Financing cash flow	**(2,209)**	**(2,318)**	**26,150**	**12,318**	**(4,139)**
Net chg in Cash	670	(531)	3,801	3,721	(3,070)
OCF	14,077	7,367	(2,349)	11,403	16,070
Adj. OCF (w/o NWC chg.)	11,085	8,970	(1,818)	13,474	15,781
FCFF	4,755	(4,094)	(22,349)	(8,597)	1,070
FCFE	662	(7,255)	(26,300)	(12,444)	(3,444)
OCF/EBITDA (%)	131.0	85.8	(18.6)	65.4	81.2
FCFE/PAT (%)	73.7	635.9	(414.6)	(190.1)	(47.4)
FCFF/NOPLAT (%)	**127.1**	**62.7**	**(239.8)**	**(104.7)**	**11.6**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	150.0	(118.1)	29.4	28.4	25.6
EV/CE (x)	2.3	2.2	2.1	1.8	1.7
P/B (x)	5.5	5.7	2.9	2.6	2.4
EV/t (USD)	139.1	127.6	117.2	100.9	84.8
EV/EBITDA (x)	17.3	22.3	17.4	13.3	11.9
EV/EBIT(x)	23.3	35.0	23.5	17.6	15.8
EV/IC (x)	3.2	3.2	2.7	2.4	2.2
FCFF yield (%)	2.6	(2.1)	(10.2)	(3.7)	0.5
FCFE yield (%)	0.4	(3.9)	(14.1)	(6.7)	(1.8)
Dividend yield (%)	0	0	0	0	0
DuPont-RoE split					
Net profit margin (%)	1.5	(2.0)	9.6	7.7	7.7
Total asset turnover (x)	0.7	0.6	0.6	0.7	0.7
Assets/Equity (x)	3.6	3.8	2.4	1.9	1.9
RoE (%)	**3.8**	**(4.7)**	**14.4**	**9.7**	**9.8**
DuPont-RoIC					
NOPLAT margin (%)	6.2	(11.2)	14.1	9.7	9.7
IC turnover (x)	1.1	1.0	0.9	1.0	0.9
RoIC (%)	**7.0**	**(11.0)**	**13.0**	**9.2**	**9.2**
Operating metrics					
Core NWC days	(19.4)	(46.3)	(37.7)	(20.5)	(19.5)
Total NWC days	**(19.4)**	**(46.3)**	**(37.7)**	**(20.5)**	**(19.5)**
Fixed asset turnover	0.9	0.7	0.7	0.7	0.7
Opex-to-revenue (%)	60.3	59.7	56.3	55.0	54.5

Source: Company, Emkay Research

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