JSW Cement Ltd

7th August 2025

IPO NOTE

Recommendation	SUBSCRIBE
Price Band	Rs 139-147
Bidding Date	7 Aug – 11 Aug 2025
Book Running Lead Manager	JM Fin, Axis Capital, Citigroup, DAM cap, Goldman Sachs, Jefferies, Kotak Capital, SBI cap
Registrar	KFin Technologies Ltd
Sector	Cement

Minimum Retail Application- Detail At Cut off Price	
Number of Shares	102
Minimum Application Money	Rs. 14994
Payment Mode	ASBA

Financials (Rs Cr)	FY24	FY25
Total Income	6028	5813
EBITDA	933	714
PAT for the year	62	-164

Valuations (FY24)	Upper Band
Market Cap (Rs Cr)	20,041
Adj EPS	-0.8
PE	NA
EV/ EBITDA	30.1
Enterprise Value(Rs Cr)	25,979

Post Issue Shareholding Pattern	
Promoters	72.3%
Public/Other	27.7%

Offer structure for different categories	
QIB	50%
Non-Institutional	15%
Retail	35%
Post Issue Equity (cr)	1363.4
Issue Size (Rs in cr)	3600
Face Value (Rs)	10

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BACKGROUND

JSW Cement Limited is a leading, environmentally conscious cement manufacturer in India, focused on producing green cement and sustainable building materials. As part of the JSW Group, the company leverages industrial by-products such as blast furnace slag and fly ash to manufacture eco-friendly products like Portland Slag Cement (PSC), Ground Granulated Blast Furnace Slag (GGBS), and Ready-Mix Concrete (RMC). JSW Cement aims to expand its capacity significantly to meet growing infrastructure and housing demand.

Details of the Issue:

The public issue consists of Offer for Sale aggregating up to Rs 2000 Cr and fresh issue up to Rs 1600 Cr. Net proceeds shall be utilized towards:

- Part financing of a new integrated cement unit at Rajasthan – 800 Cr
- Repayment of borrowings – 520 Cr
- Other general corporate purposes

Investment Rationale:

- Strategic Capacity Doubling Initiative Targeted for Completion by FY26
- Dominant Market Leadership in GGBS Segment
- Strategic Synergies with the JSW Group

Valuation and Recommendation:

JSW Cement’s revenue (excluding FZC) grew from ₹4,865.8 crore in FY23 to ₹5,813 crore in FY25, led by a 9.71% CAGR in volumes. Over 77% of FY25 sales came from green products like GGBS and PSC. With grinding capacity set to expand to 41.85 MTPA, the company is well-placed for growth and margin improvement post-FY26. Company is valued at 30.1x FY25 EV/EBITDA which is above its peers but considering its scale, growth prospects, and group synergies, we recommend a **Subscribe** rating from **long-term perspective**.

Financials	FY23	FY24	FY25
Net Revenues	5,837	6,028	5,813
Growth (%)	-	3.3%	-3.6%
EBITDA	817	1,129	864
EBITDA Margin (%)	14.0%	18.7%	14.9%
PBT	125	224	(44)
Adjusted PAT	104	62	(164)
EPS	1.00	0.66	-0.84
ROCE	5.5%	7.6%	4.5%
EV/Sales	4.5	4.3	4.5
EV/EBITDA	31.8	23.0	30.1
P/E	5,837	6,028	5,813

Source: Company data, NBRR

Industry Overview and Company Background

The global cement industry produced approximately 4.0 bnT in 2024, with India emerging as the second-largest producer after China, contributing 11.25% of global output and registering the highest CAGR of 5.04% among major producing nations from 2018 to 2024. In India, cement production reached around 467 MMT in FY25, and demand is expected to grow at a 7.5%–8.5% CAGR, reaching 670–680 MMT by FY30, driven by strong growth across infrastructure, housing, industrial, and RMC sectors. Additionally, demand for green cementitious products like GGBS is projected to grow at a 14%–15% CAGR, positioning companies like JSW Cement to capitalize on sustainability-led opportunities.

JSW Cement Limited is among the top three fastest-growing cement manufacturers in India in terms of installed grinding capacity and sales volume growth between FY2015 and FY2025, and ranks among the top ten cement companies in the country by capacity and sales volume as of March 31, 2025, according to CRISIL. As of March 2025, JSW Cement operates with 20.60 MMTPA of installed grinding capacity and 6.44 MMTPA of clinker capacity across strategically located plants in southern, western, and eastern India, with plans to expand to 41.85 MMTPA and 13.04 MMTPA respectively, through greenfield and brownfield projects. The company is recognized as India's largest producer of ground granulated blast furnace slag (GGBS) with an 84% market share and maintains one of the lowest clinker-to-cement ratios in the industry, underlining its commitment to sustainable manufacturing.

Since beginning operations in 2009 with a single grinding unit in Karnataka, JSW Cement has developed an extensive portfolio including blended cement (PSC, PCC, PPC), OPC, GGBS, ready-mix concrete (RMC), screened slag, and other allied products. It operates seven manufacturing plants in India and one clinker unit in the UAE, ensuring a robust supply chain and product availability across major consumption regions. The company holds rights to mine limestone across 11 mines in India and one in the UAE, ensuring long-term security of raw material supply.

The company is an industry leader in environmental performance, reporting the lowest carbon dioxide emission intensity among its Indian and global peers, driven by its circular economy approach that emphasizes the use of industrial by-products like slag, fly ash, red mud, and alternate fuels. JSW Cement distributes its products through a strong network of over 4,600 dealers, 8,800 sub-dealers, and 6,500 institutional customers. As a part of the diversified JSW Group, it benefits from operational synergies, access to captive raw materials and power, and the strength of the JSW brand. JSW Cement is well-positioned to capitalize on India's infrastructure growth while maintaining its sustainability leadership.

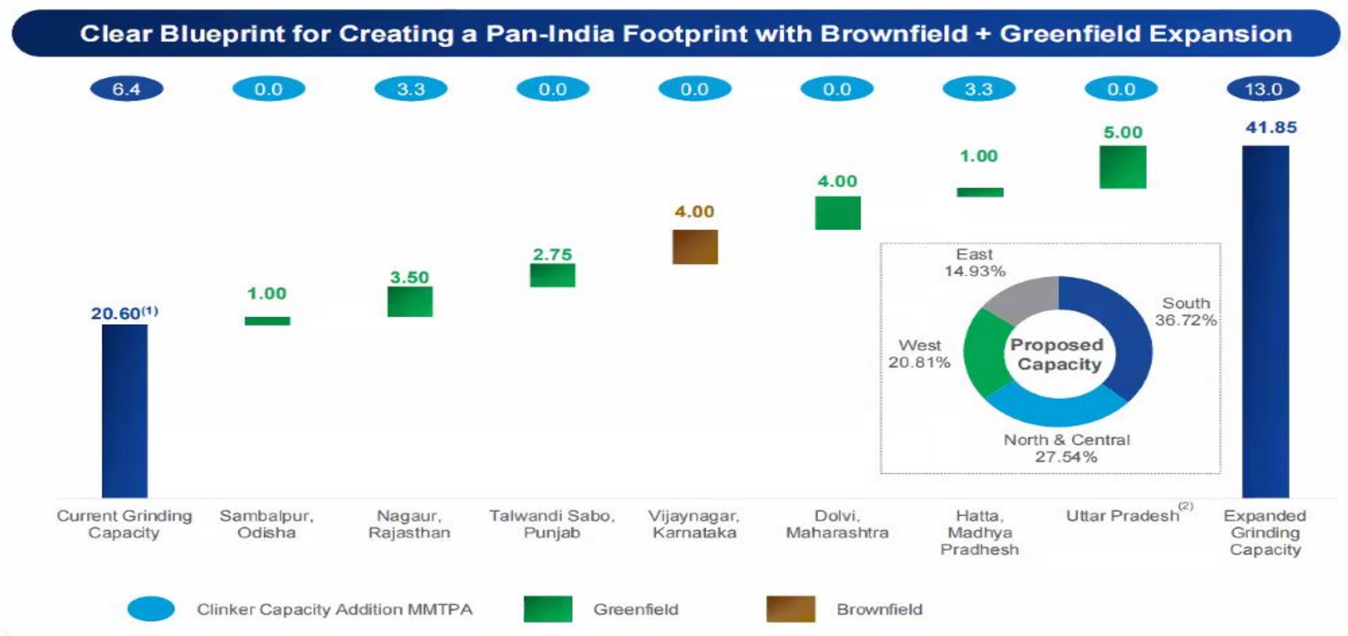
Particulars	FY23	FY24	FY25
Installed Grinding Capacity as at end of year (MMTPA)	16.30	20.60	20.60
Grinding Capacity Utilisation (in %)	60.4%	67.5%	62.9%
Installed Clinker Capacity (MMTPA)	5.12	6.44	6.44
Clinker Capacity Utilization (in %)	78.8%	84.8%	84.3%
Total Volume Sold (MMT) of which:	10.50	12.53	12.64
Cement Volume Sold (in MMT)	5.7	7.09	7.09
GGBS Volume Sold (in MMT)	3.85	5.18	5.18

Source: Company Data, NBRR

Investment Rationale

Strategic Capacity Doubling Initiative Targeted for Completion by FY30

JSW Cement is undertaking a strategic capacity doubling initiative aimed at increasing its installed grinding capacity from 20.60 MMTPA to 41.85 MMTPA and clinker capacity from 6.44 MMTPA to 13.04 MMTPA by Fiscal 2030. This expansion is being driven by a mix of Greenfield and brownfield projects across key regions including Rajasthan, Madhya Pradesh, and Odisha, with the flagship Nagaur integrated unit scheduled for completion by 2026.



Source: Company Data, NBRR

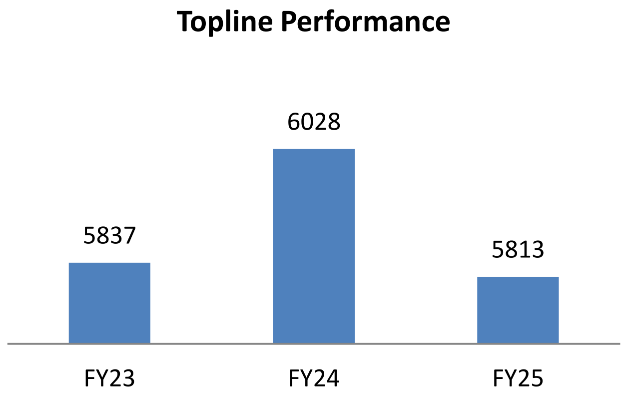
Dominant Market Leadership in GGBS Segment

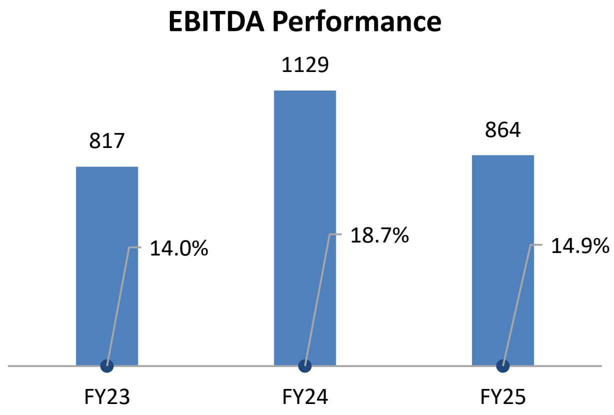
JSW Cement is the largest manufacturer of Ground Granulated Blast Furnace Slag (GGBS) in India, commanding a dominant 84% market share in Fiscal 2025, as per the CRISIL Report. GGBS, an eco-friendly by-product of steel manufacturing, plays a critical role in enhancing the durability and sustainability of concrete structures. GGBS contributed over 41% of total volumes sold which reached 5.18 million tonnes in FY25, growing from 3.13 MMT in FY22, with the number of customers increasing to over 2,170, reflecting rising market penetration and acceptance. JSW Cement is uniquely positioned to capitalize on the growing demand projected to grow at a 14-15% CAGR through FY30.

Strategic Synergies with the JSW Group

JSW Cement leverages strong synergies with the JSW Group, particularly through long-term supply agreements with JSW Steel and JSW Energy, which provide significant operational and financial advantages. In Fiscal 2025, 92.93% of its blast furnace slag a key input for green cement was sourced from JSW Steel and its subsidiaries, ensuring cost stability, secure raw material access, and reduced procurement risk. The company is contractually entitled to lift 100% of slag generated at major JSW Steel plants, which supports uninterrupted production of GGBS and PSC. Additionally, power procurement from JSW Energy enables cost-effective energy access and minimizes exposure to market volatility. Co-locating grinding units near JSW Steel facilities further lowers logistics costs, enhances supply chain efficiency, and strengthens its sustainability credentials. These group-level synergies provide JSW Cement with a durable competitive advantage in pricing, margin resilience, and execution of its long-term growth strategy.

Financial Performance





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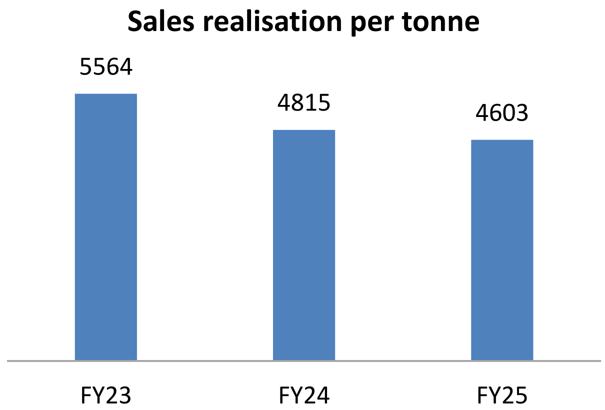

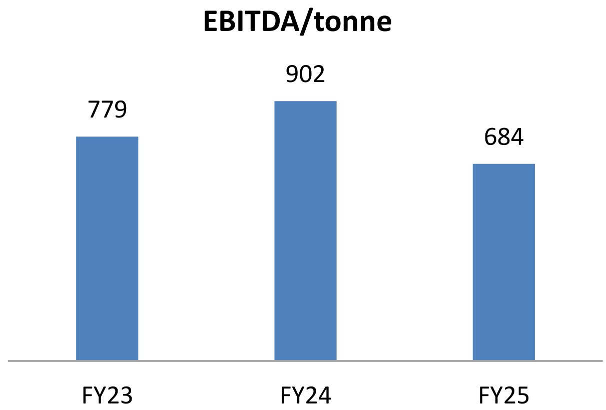

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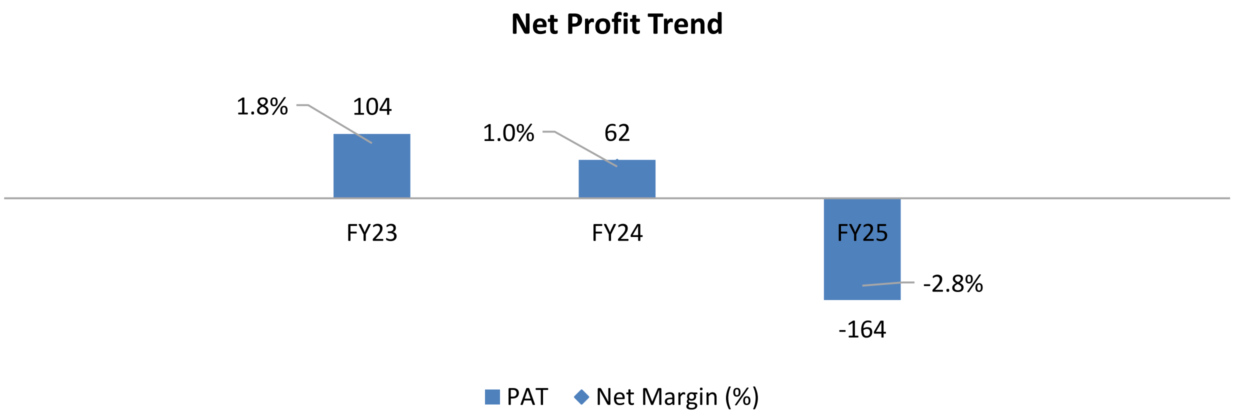

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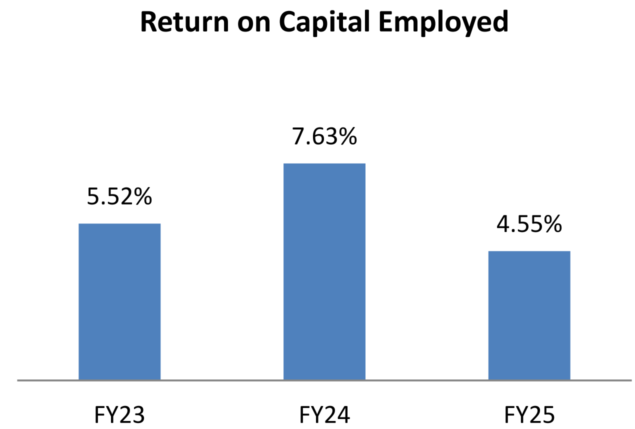

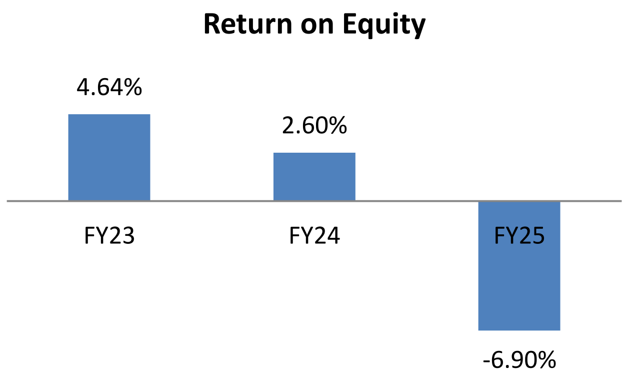

Source: Company Data, NBRR

Risk/Concerns

High Dependence on Group Entities for Key Inputs

JSW Cement heavily relies on JSW Steel and its subsidiaries for blast furnace slag, a key input for its green cement products, under long-term contracts requiring full or minimum quantity purchases. While this ensures supply stability, it creates significant dependency on related parties, with risks of conflicts if these suppliers prioritize third-party sales. The company also sources slag from other steelmakers and procures fly ash and clinker from JSW Group entities. In Fiscal 2025, JSW Cement sourced Rs. 747.6 cr worth of raw materials from JSW Group entities, accounting for 51.48% of its total raw material cost—up from 45.28% in FY24 and 21.39% in FY23. Any disruption or unfavourable changes in these contracts could impact its costs, operations, and expansion plans.

Financial Impact from Loss-Making Subsidiaries and JVs

In Fiscal 2025, JSW Cement reported a consolidated loss of Rs. 163.8 cr, driven by a decline in operating EBITDA and an increased share of losses from joint ventures and associates. Key loss-making entities include Shiva Cement Limited, with a net loss of Rs. 142.5 cr and accumulated losses of Rs. 433.9 cr. JSW Cement FZC, incurred a loss of Rs. 153.9 cr, losses were incurred due to operational underperformance they expected to improve as capacity utilization increases and demand in UAE markets stabilizes.

Risk from Volatility in Raw Material and Energy Costs

The primary raw materials used by JSW Cement include limestone, blast furnace slag, gypsum, laterite, and fly ash, with raw material and power & fuel costs representing two of its largest expense components. In Fiscal 2025, raw material costs accounted for 24.55% of total income, while power and fuel costs were 14.32%. These costs are sensitive to global and domestic factors such as demand-supply dynamics, seasonal and environmental conditions, and government policies. Given the cement industry's heavy reliance on power accounting for 30–32% of cost of sales any future volatility in coal or pet coke prices, or supply disruptions in raw materials like slag or limestone, could significantly impact operational margins and financial performance.

Valuation and Recommendation

JSW Cement's financial performance from FY23 to FY25 demonstrates consistent growth and strong operational fundamentals. Revenue from operations (excluding JSW Cement FZC) increased from Rs. 4,865.8 crore in FY23 to Rs. 5,813 crore in FY25, supported by a healthy sales volume CAGR of 9.71%, reaching 12.64 MMT in FY25. A key differentiator is the company's clear strategic focus on green cement, with over 77% of FY25 sales comprising blended and low-clinker products such as GGBS and PSC. The ongoing expansion of installed grinding capacity to 41.85 MTPA is expected to further accelerate revenue growth, improve margin profiles, and enhance return metrics such as ROCE in the post-FY26 period.

At a valuation of 30.1x FY25 EV/EBITDA, the issue seems to be at a premium to its peers. However, considering JSW Cement's robust growth potential, industry-leading sustainability credentials, and the strategic benefits of being part of the JSW Group. We recommend a '**Subscribe**' rating on the IPO for investors with a long-term investment horizon, given the company's scalable platform, expanding market presence, and clear visibility on earnings growth.

Listed Peers

FY 25	Dalmia Bharat	Ramco Cements	Average	JSW Cements
Revenue	13,980	8,518	11249	5,813
CAGR (FY23-25)	1.6%	2.2%	1.9%	-0.2%
EBITDA Margin	17.2%	14.5%	15.8%	14.9%
Asset Turns (x)	0.6	0.7	0.6	0.7
ROCE	5.7%	4.8%	5.3%	4.5%
ROE	3.9%	3.7%	3.8%	-6.9%
Debt/Equity	0.3	0.6	0.5	2.8
EV/EBITDA	17.4	26.1	21.8	30.1
EBITDA/Tn	854.0	678.0	766.0	683.9
P/E	61.4	100.7	81.1	-175.7

Source: Company Data, NBRR

Financials

JSW Cement Ltd

P&L (Rs. Cr)	FY23	FY24	FY25
Net Revenue	**5,837**	**6,028**	**5,813**
% Growth		*3%*	*-4%*
Cost of goods sold	1,567	1,318	1,483
% of Revenues	*26.8%*	*21.9%*	*25.5%*
Employee Cost	295	299	369
% of Revenues	*5.0%*	*5.0%*	*6.4%*
Other expenses	3,158	3,282	3,097
% of Revenues	*54.1%*	*54.4%*	*53.3%*
EBITDA	**817**	**1,129**	**864**
EBITDA Margin	*14.0%*	*18.7%*	*14.9%*
Depreciation	373	278	310
Other Income	145	86	102
Interest	310	435	450
Exceptional Items	(135)	(196)	(150)
Share of loss from JV ar	(19)	(82)	(98)
PBT	**125**	**224**	**(44)**
Tax	21	162	120
Tax rate	*17%*	*72%*	*-275%*
PAT	**104.0**	**62.0**	**-163.8**
% Growth		*-40%*	*-364%*
Non controlling Interes	(33)	(28)	(50)
Adj PAT	**136.8**	**89.8**	**-114.1**
% Growth		*-34%*	*-227%*
EPS (Post Issue)	**1.0**	**0.7**	**-0.8**

Ratios & Others	FY23	FY24	FY25
Debt / Equity	2.5	2.6	2.8
EBITDA Margin (%)	14%	19%	15%
PAT Margin (%)	2%	1%	-3%
ROE (%)	5%	3%	-7%
ROCE (%)	6%	8%	5%

Turnover Ratios	FY23	FY24	FY25
Debtors Days	44	47	49
Inventory Days	28	29	27
Creditor Days	68	74	78
Asset Turnover (x)	0.74	0.70	0.65

Valuation Ratios	FY23	FY24	FY25
Price/Earnings (x)	147	223	-176
EV/EBITDA (x)	32	23	30
EV/Sales (x)	4	4	4
Price/BV (x)	9	8	8

Balance Sheet (Rs. Cr)	FY23	FY24	FY25
Share Capital	986	986	986
Other Equity	1,306	1,478	1,366
NCI	(51)	(79)	20
Networth	**2,241**	**2,385**	**2,372**
Total Loans	**5,641**	**6,254**	**6,563**
Other non-curr liab.	363	478	563
Trade payable	1,084	1,222	1,238
Other Current Liab	889	979	1,269
Total Equity & Liab.	**10,219**	**11,319**	**12,004**
Property, Plant and Equipme	3,493	4,870	5,438
CWIP	1,575	739	1,025
Goodwill/Other Intangible a	1,167	1,349	1,359
Non Currrent Financial asse	839	886	718
Other non Curr. assets	787	824	1,061
Inventories	448	476	428
cash and cash equivalents	51	118	65
Bank bal	4	198	58
Trade receivables(debtor)	711	783	782
Other Current assets	1,143	1,077	1,069
Total Assets	**10,219**	**11,319**	**12,004**

Cash Flow (Rs. Cr)	FY23	FY24	FY25
Profit Before Tax	125	224	(44)
Provisions & Others	763	990	972
Op. profit before WC	**887**	**1,214**	**928**
Change in WC	(127)	299	(160)
Less: Tax	(107)	(106)	(31)
CF from operations	**653**	**1,408**	**737**
Purchase/Sale of fixed asset	(1,632)	(932)	(1,146)
Purchase/Sale of Investment	(247)	(224)	519
Interest, dividend and other	87	37	69
CF from Investing	**(1,793)**	**(1,120)**	**(558)**
Proceeds from issue of Equit	0	0	80
Proceeds/ Repayment Long-t	1,360	261	195
Payment of lease liabilities	(27)	(32)	(41)
interest & div paid	(292)	(450)	(466)
CF from Financing	**1,041**	**(221)**	**(232)**
Net Change in cash	**(99)**	**67**	**(53)**
Cash & Bank at beginning	150	51	118
Cash & Bank at end	51	118	65

Source: Company Data, NBRR

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