

JSW Cement



Leveraging group synergies with greener solutions

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Leveraging group synergies with greener solutions

- JSWC, a part of JSW Group, is among the top 10 cement manufacturers in India in terms of grinding capacities. JSWC commenced its journey from the southern region with an aim to consume slag produced by a group company. Currently, it operates seven plants across India and a clinker unit in the UAE, with clinker/grinding capacity of 6.4mtpa/20.6mtpa. JSWC offers a diverse product portfolio, including blended cements like PSC, PPC, and OPC, along with eco-friendly GGBS. Unlike other cement companies, which are predominantly into grey cement, JSWC has a higher concentration of revenue/profits from GGBS. It is the largest manufacturer of GGBS in India with a market share of ~84%.
- JSWC delivered a CAGR of ~8%/9% in grinding capacity/volume over FY19-25, outperforming the industry, led by timely project execution and a diversified product mix. The company aims to grow its clinker/grinding capacity to 9.7mtpa/31.9mtpa by FY28 through greenfield plants in the northern and eastern regions and a brownfield expansion in the southern region. We estimate a CAGR of 19%/31% in revenue/EBITDA over FY25-28, driven by higher sales volume and pricing improvement. EBITDA/t is estimated to clock a CAGR of ~12% over FY25-28. We expect JSWC to report a profit of ~INR3b in FY26E (vs. a pre-CCPS loss of INR554m in FY25). RoIC should be at 8.3% in FY28E vs. 5.7% in FY25.
- JSWC is well positioned to capitalize on the growing demand for GGBS, supported by long-term supply agreements for blast furnace slag. Despite improvement in profits and fundraising, we expect debt to remain elevated, driven by higher capex of INR56b over FY25-28E. We initiate coverage on JSWC with a Neutral rating and a target price of INR163, valuing at 15x Sep'27E EV/EBITDA.

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Financials and valuations

BSE SENSEX
81,274

S&P CNX
24,877


Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	68.2	84.1	98.3
EBITDA	12.7	16.2	19.2
Adj. PAT	3.1	4.0	4.8
EBITA Margin (%)	18.7	19.3	19.5
Cons. Adj. EPS (INR)	2.3	2.9	3.6
EPS Gr. (%)	n/m	27.0	21.5
BV/Sh. (INR)	45.1	48.8	52.8

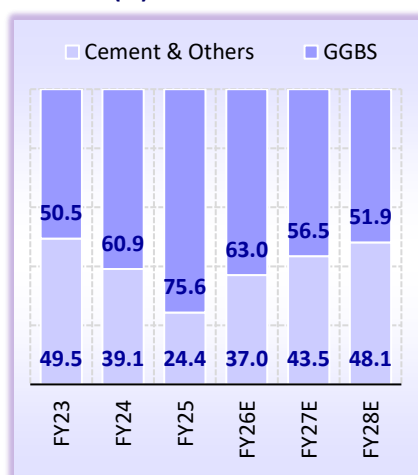
Ratios

Net D:E	0.7	0.8	0.8
RoE (%)	7.4	6.2	7.0
RoCE (%)	7.4	7.4	7.8
Payout (%)	10.0	15.0	20.0

Valuations

P/E (x)	2.3	2.9	3.6
P/BV (x)	3.3	3.1	2.8
EV/EBITDA (x)	19.6	16.0	13.6
EV/ton (USD)	133	107	94
Div Yield (%)	0.2	0.3	0.5
FCF Yield (%)	-7.5	-2.4	1.8

Contribution of cement & other/GGBS in EBITDA (%)



CMP: INR150

TP: INR163 (+9%)

Neutral

Leveraging group synergies with greener solutions

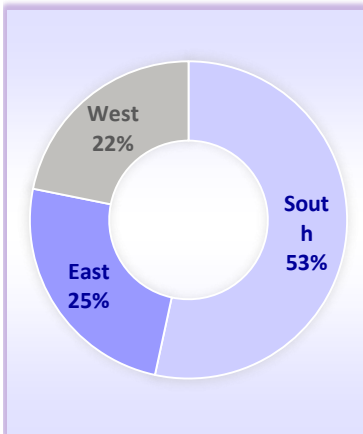
India's leading GGBS manufacturer with ~84% market share

- **Ground granulated blast furnace slag (GGBS) contributes significantly to EBITDA:** Leveraging JSW Group's presence in steel manufacturing, JSW Cement (JSWC) is the largest supplier of GGBS in India with ~84% market share in FY25. The product is manufactured from slag, a byproduct of the steel-making process. GGBS accounted for ~34% of JSWC's total revenue in FY25, though we believe that its contribution to EBITDA was higher at ~61%/76% in FY24/FY25. We estimate GGBS EBITDA contribution to be at ~63%/57%/52% in FY26/FY27/FY28.
- **Capacity expansion to help regional diversification for cement:** The company's current expansion plans will mark its entry into the North region, where industry profitability is better compared to the South region. It will also help JSWC reduce its capacity concentration in the South region to ~41% in FY28E from ~53% in FY25. We expect a higher cost of limestone for the North plant (INR210/t+ higher as mines have been acquired through e-auction) to be offset by state incentives (INR273/INR140 per ton in FY27/28E) as new cement plants in Rajasthan are eligible for state incentives for seven years.
- **Capex intensity to keep debt elevated:** We estimate a capex of INR56b during FY26-28E, which would be mainly for the Rajasthan integrated unit. The remaining capex will be used for a grinding unit of Shiva Cement, a greenfield GU in Punjab and brownfield capacity expansion in the south region. Net debt is estimated to be at INR57.5b in FY28E vs. INR40.7b (excl. CCPS) in FY25. Net debt-to-EBITDA ratio is estimated to remain elevated at 3.0x in FY28E vs. 3.2x/4.7x in FY24/FY25.
- **Fairly valued; initiate with Neutral:** Over FY25-28E, we estimate a CAGR of 19%/31% in revenue/EBITDA, led by volume (~12%/19% CAGR for GGBS/cement) and pricing growth (~2%/3% CAGR for GGBS/cement). It should report a profit of ~INR3b in FY26E (loss of INR554m adjusted for CCPS-related charges in FY25). RoIC should rise to 8.1% in FY28E from 5.7% in FY25. We initiate coverage on JSWC with a Neutral rating and a target price of INR163, valuing at 15x Sep'27E EV/EBITDA.
- **Key upside risks:** 1) improvement in C:C ratio for existing plants and higher-than-estimated C: C ratio for the North plant; and 2) higher-than-estimated GGBS volumes and higher utilization for the North plant. **Key downside risks:** 1) declining trade volumes of ~53% in FY25 vs. ~65% in FY22; 2) pricing pressure in the South region; and 3) delay in capacity commissioning in the North or lower utilization there.

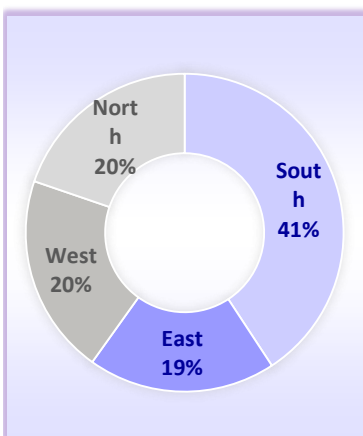
GGBS: Higher contributor to EBITDA (~52% in FY28E vs. ~76% in FY25)

- JSWC, unlike other cement companies that are predominantly into grey cement, has a higher profitability share from GGBS, in our view. GGBS is manufactured from slag, a byproduct of the steel-making process, and JSWC leverages its group presence in steel to procure slag under long-term agreements.
- JSWC is the largest supplier of GGBS in India with ~84% share in FY25. Other companies using slag for cement manufacturing procure it from steel manufacturers. Out of ~37mt slag produced in FY25, 65-70% was used by the cement sector. JSWC consumed ~9.7mt slag in FY25.

Grinding capacity geographic-mix (FY25)



Grinding capacity geographic-mix by FY28E



- GGBS contributed ~33%/34% to JSWC's total revenues in FY24/FY25; however, its EBITDA contribution was much higher at ~61%/76% in FY24/FY25 (as per our calculations). GGBS sales by JSWC increased at ~12% CAGR over FY19-25 and we estimate sales volume CAGR of ~12% over FY25-28E. We estimate GGBS revenue contribution to be at ~35%/32%/31% in FY26/27/28E. Based on our estimates, we expect its EBITDA contribution to be at ~63%/57%/52% in FY26/27/28E.

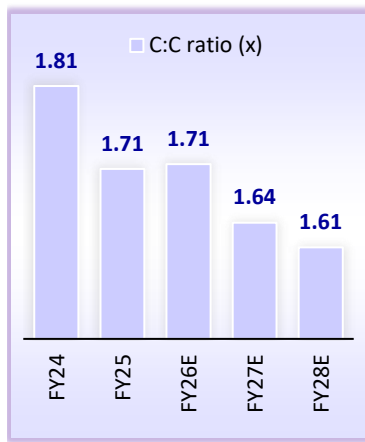
Regional diversification through expansion in North

- JSWC's ~53% of grinding capacities (both cement and slag grinding capacities are fungible) are in the south region, while ~25%/22% of capacities are in the East/West regions. With its expansion in the North, we believe that ~41%/20%/20%/19% of grinding capacities will be in the South/West/North/East regions in FY28E.
- Regional diversification will help JSWC in risk mitigation as profitability for cement companies as of now is better in the North region than in the South/East regions. JSWC's mines in Nagaur, Rajasthan, have been acquired through e-auctions and we believe that the cost of limestone will be higher by INR210/t+ compared to other operating mines in the region.
- Nagaur plant will also be eligible for state incentives, which represent 75% of state tax due and are deposited for a period of seven years from the date of commencement of commercial production. However, the annual ceiling on incentives is capped at INR500m for 1-3 years and INR650m for 4-7 years. Based on our assumptions, we expect incentive per ton from the Nagaur plant to be at INR273/INR140 per ton in FY27/28E.
- The commissioning of a grinding unit at the Shiva Cement plant in the east region may also help in cost savings as other grinding units are situated at a distance of ~370-400km. However, the benefit would be marginal as the clinker plant operated at ~68% capacity (in FY25) and currently caters to the requirements of grinding units in Odisha and West Bengal.

Surplus grinding unit estimated in the North region

- JSWC is planning to increase its clinker capacity by 3.3mtpa to 9.7mtpa by 4QFY26, while its grinding capacity is estimated to increase to 27.9mtpa by FY27 and 31.9mtpa by FY28. The clinker-to-cement conversion (C:C) ratio of the company declined to 1.71x in FY25 from 1.81x in FY24. We expect the C:C ratio for the North plant to be lower initially (40% OPC and 60% PPC) and hence, it is estimated to be at 1.61x in FY28E.
- We believe that the company will have a surplus GU capacity of ~8mtpa (excess grinding capacity in North region to be at ~1.5mtpa) based on its current expansion plans. We estimate the Nagaur plant's clinker capacity utilization to be at ~40%/70% in FY27/28E, which reflects a grinding capacity utilization of ~51-52% in FY27/28E.
- Cement volume CAGR should be at ~19% over FY25-28E, based on ~7% CAGR from existing plants and additional volumes from the North plant.

C:C ratio is estimated to decline over FY27-28



Debt to remain high; net debt-to-EBITDA at 3.0x in FY28E

- Based on the stated capacity expansion plans, we expect a capex of INR56b during FY26-28E, mainly for the Rajasthan integrated unit, while the remaining capex will be spent on the Shiva Cement GU, a greenfield GU in Punjab, and brownfield capacity expansion in the South region.
- Cash outflow during FY26-28E is estimated to be at INR16.8b and hence, we estimate net debt to be at INR45.2b/INR55.1b/INR57.5b in FY26/27/28E vs. INR40.7b (ex-CCPS) in FY25.
- Net debt-to-EBITDA ratio is estimated to remain high at 3.6x/3.4x/3.0x in FY26/27/28E vs. 3.2x/4.7x in FY24/25.

Estimate CAGR of ~19%/31% in revenue/EBITDA over FY25-28E

- JSWC's performance in FY25 was impacted by ~8% YoY decline in cement realization which led to ~4%/20% decline in revenue/EBITDA. Going forward, we estimate ~19% revenue CAGR over FY25-28E, led by volume growth (~12%/19% CAGR for GGBS/cement) and higher cement/GGBS prices (~2%/3% CAGR for GGBS/cement).
- We estimate ~31% EBITDA CAGR over FY25-28 and expect EBITDA/t of INR993 in FY28E vs. INR699 in FY25 (CAGR of ~12% over FY25-28E). OPM is estimated to be at ~20% in FY28E vs. ~15% in FY25.
- JSWC reported a loss of INR1.6b in FY25; however, adjusted for CCPS-related charges, we believe that the loss was ~INR554m in FY25. Higher profitability of cement and GGBS, along with stable interest expenses (absence of CCPS-related charges), should help the company to report a profit of ~INR3b in FY26, which we expect to increase to ~INR5b in FY28E.

Valuation and view: Fairly valued; initiate with Neutral

- At CMP, JSWC trades at 16.0x/13.6x FY27/28E EV/EBITDA and USD107/USD94 FY27/28 EV/t (adjusted EV/t at USD122/USD120 for FY27/28E considering surplus grinding units).
- The Ramco Cements (TRCL) and Dalmia Bharat (DALBHARA), which operate in similar markets, trade at 14.0x and 11.4x FY27E EV/EBITDA, respectively. Considering the aggressive expansion plans of JSWC and earnings stability due to its exposure in GGBS, we value it at a higher multiple of 15x Sep'27E EV/EBITDA to arrive at our TP of INR163. We initiate coverage on JSWC with a Neutral rating.

Exhibit 1: Valuation summary

	M-cap (USD b)	CMP (INR)	Rating	P/E (x)			EV/EBITDA (x)			EV/t (USD)			ROE (%)			Net debt/ EBITDA (x)		
				FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
UTCEM	43.1	12,765	Buy	41.7	33.3	27.7	21.9	18.1	15.5	224	207	215	12.2	14.0	15.2	0.9	0.5	0.1
ACEM	17.0	590	Buy	48.4	34.8	29.0	20.9	16.6	13.9	160	153	148	4.8	6.4	7.3	(0.0)	(0.2)	(0.3)
SRCM	13.2	31,326	Neutral	71.3	58.2	48.4	21.2	18.1	15.4	179	174	167	7.3	8.4	9.4	(1.0)	(1.1)	(1.2)
JKCE	6.6	7,305	Buy	45.5	36.6	30.7	21.9	18.2	15.8	229	225	190	18.7	19.7	19.7	1.6	1.1	0.7
DALBHARA	5.1	2,330	Buy	31.9	33.5	27.9	12.7	11.4	10.5	105	94	96	7.6	6.9	7.8	0.6	0.9	0.8
ACC	4.1	1,844	Neutral	20.2	15.9	13.2	9.7	7.5	5.9	80	76	71	9.0	10.5	11.4	(1.1)	(1.3)	(1.5)
TRCL	3.0	1,087	Neutral	57.8	40.0	30.8	16.5	14.0	12.0	132	114	97	5.8	7.9	9.5	2.3	2.0	1.5
JSWC	2.4	150	Neutral	65.1	51.2	42.2	19.6	16.0	13.6	133	107	94	7.4	6.2	7.0	3.6	3.4	3.0
ICEM	1.3	370	Sell	Loss	98.2	32.6	36.3	23.2	15.2	96	100	103	(0.5)	1.2	3.6	4.0	2.5	1.4
JKLC	1.3	945	Buy	21.5	17.8	17.7	11.6	9.7	8.6	83	79	71	14.1	15.0	13.3	1.7	2.0	1.9
BCORP	1.2	1,288	Buy	17.5	15.1	13.0	7.7	6.5	5.7	65	62	54	7.8	8.4	9.1	1.9	2.2	1.9

Source: MOFSL, Note: ACEM estimates and valuation on a consolidated basis

STORY IN CHARTS

Key Arguments

1

Ground granulated blast furnace slag (GGBS) contributes significantly to EBITDA

2

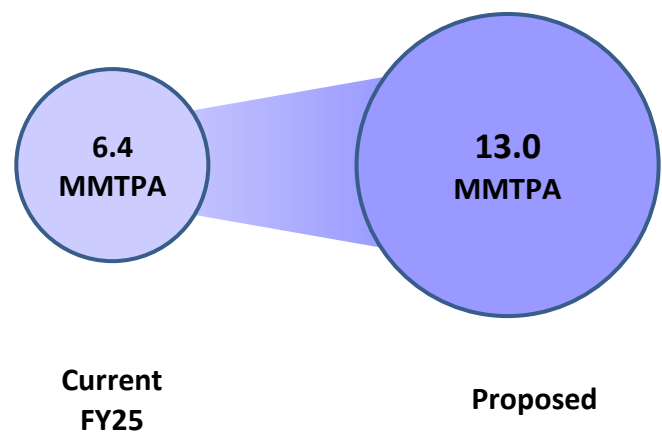
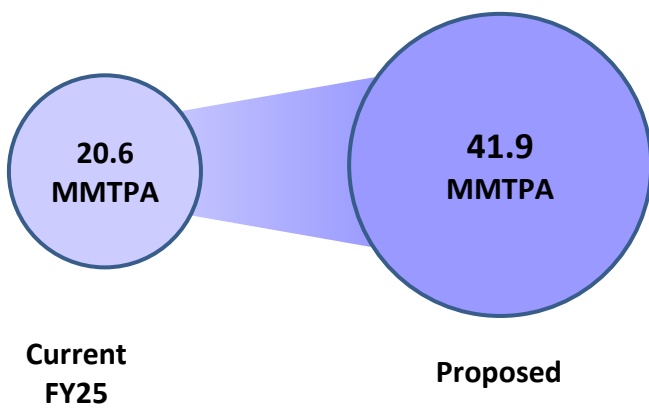
Capacity expansion to help regional diversification for cement

3

Capex intensity to keep debt elevated

Grinding Capacity

Clinker Capacity



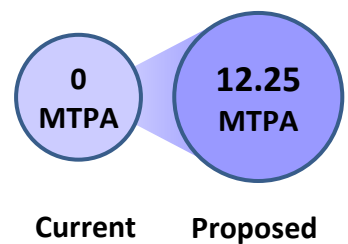
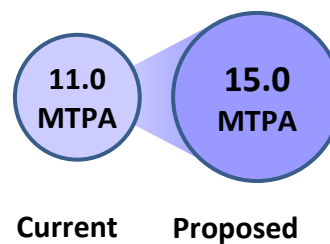
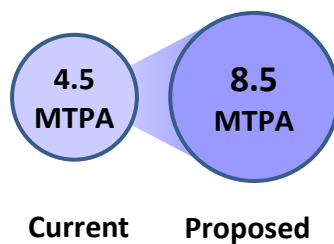
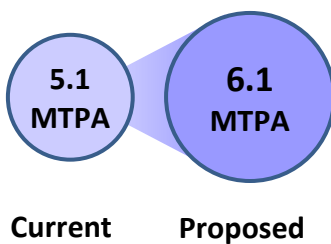
Pan-India Footprint

East India

West India / FZE

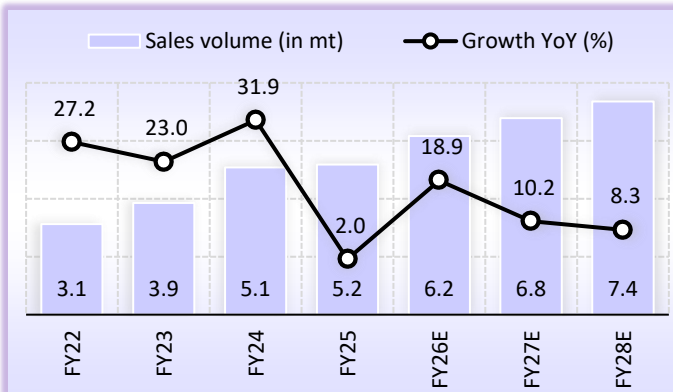
South India

Central and North India

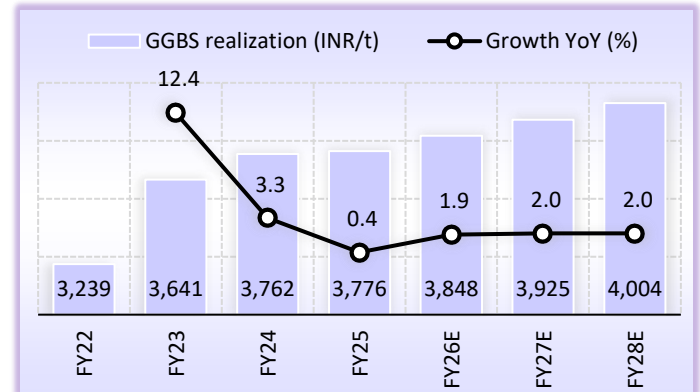


STORY IN CHARTS

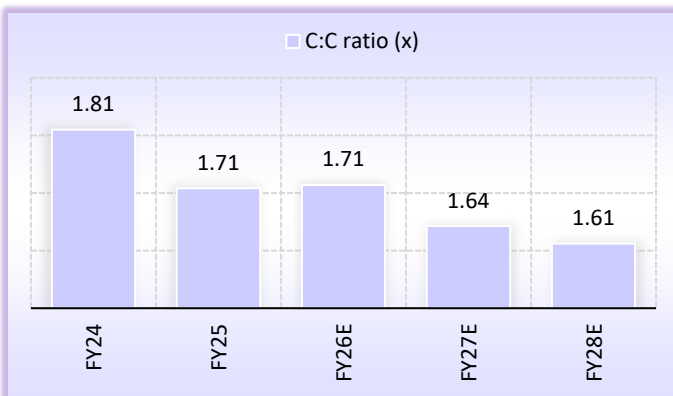
JSWC's GGBS volume and growth



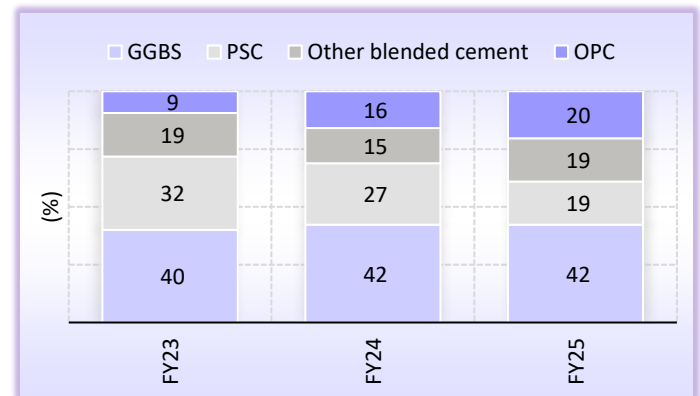
GGBS realization remains stable over FY24-25



C:C ratio is estimated to decline over FY27-28

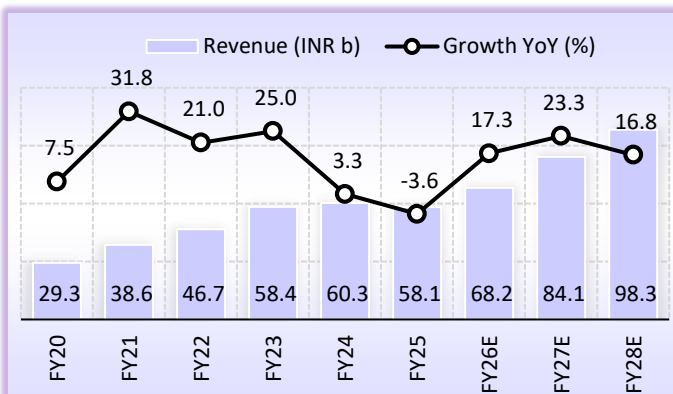


GGBS and slag-based cement contributes ~79%

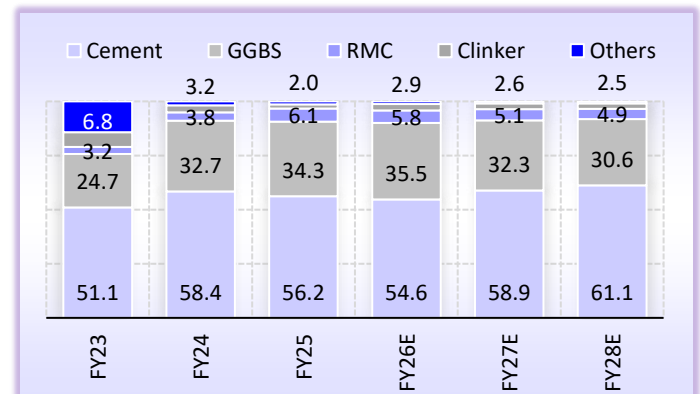


other blended cement includes PPC and PCC

Estimate revenue CAGR of ~19% over FY25-28

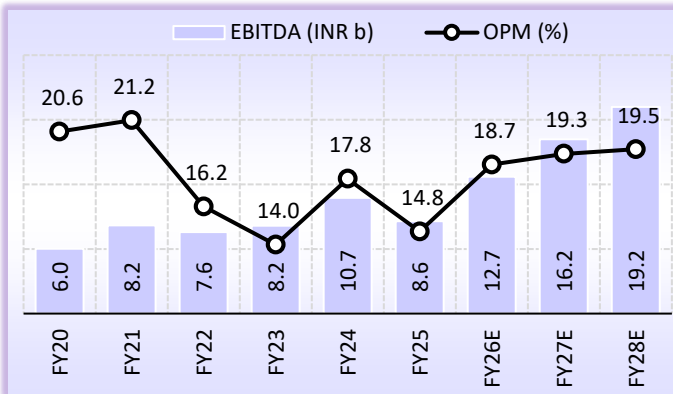


Revenue break-up (%)

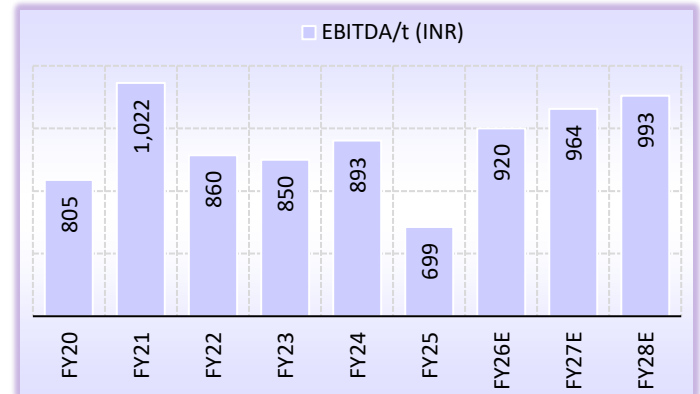


STORY IN CHARTS

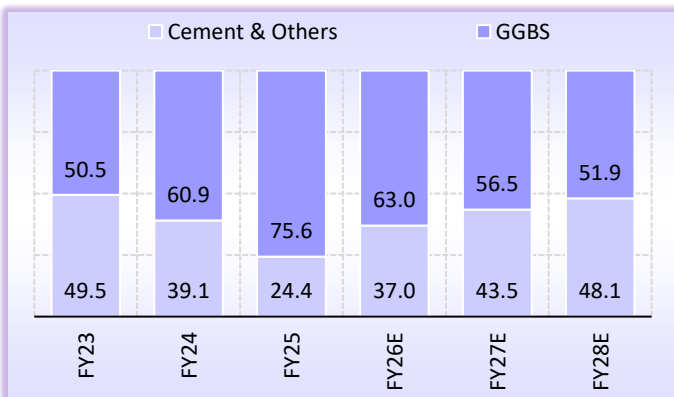
Estimate EBITDA CAGR ~31% over FY25-28



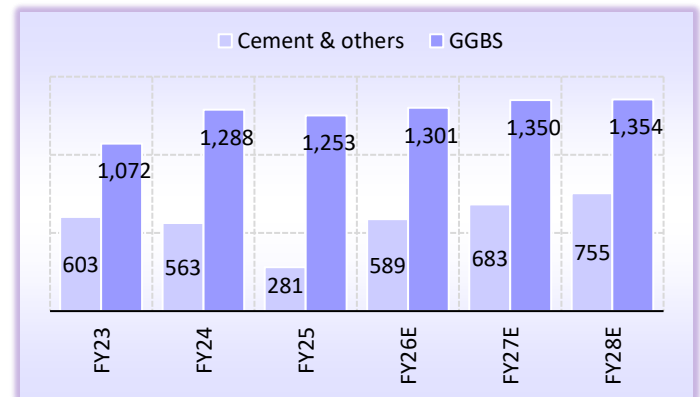
Estimate EBITDA/t to improve over FY26-28



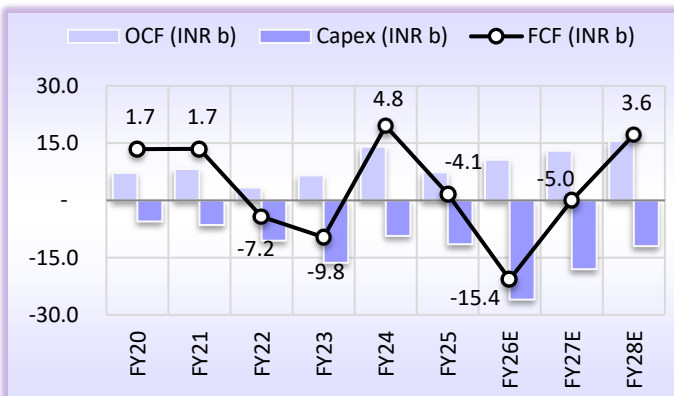
Contribution of cement & other/GGBS in EBITDA (%)



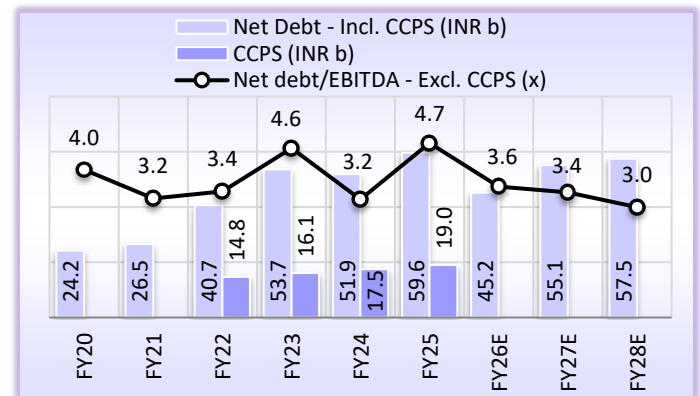
EBITDA/t estimate for cement & other and GGBS (INR)



Higher capex continues to drive net cash outflow



Net debt is estimated to remain elevated



Pioneering the GGBS business model

GGBS demand to see 14-15% CAGR by FY30E; JSWC has ~84% market share

- Demand for granulated blast furnace slag (GBFS) in India grew from ~26mt in FY20 to ~37mt by FY25 (~7% CAGR) and is estimated to grow to ~54-56mt by FY30 (~8-9% CAGR), driven by steel capacity expansion. It is a key raw material for PSC and PCC cement, with the cement sector consuming ~65-70% of total slag generated in FY25.
- GGBS demand in India is likely to grow from ~6.2mt in FY25E to 11.9-12.5mt by FY30E at a CAGR of ~14-15%. GGBS consumption is concentrated in the South (~50-55%) and West (~40-45%) regions, with limited adoption in the East and no presence in the North due to the lack of slag availability.
- JSWC, holding ~84% market share in India's GGBS segment in FY25, benefits from long-term slag supply agreements with group companies. GGBS contributed ~42% to its total sales volume in FY25, which is expected to rise to ~45% in FY26E before tapering in FY27-28E due to its expansion in the North region.

JSWC, holding ~84% market share in India's GGBS segment in FY25, benefits from long-term slag supply agreements with group companies. GGBS contributed ~42% to its total sales volume in FY25, which is expected to rise to ~45% in FY26E before tapering in FY27-28E due to its expansion in the North region.

Brief overview of slag – manufacturing process, market size and application

Slag is a non-metallic byproduct generated in blast furnaces during the production of pig iron from iron ore, using coking coal and fluxes. When the molten slag is separated from iron, it is directed into a granulator where it is rapidly cooled using high-pressure water jets. This quenching process, carried out in a controlled environment to prevent crystalline formation, transforms the molten slag into granular particles known as granulated blast furnace slag (GBFS). In FY20, demand for GBFS in India was estimated at ~26mt, which is estimated to grow to ~37mt in FY25 at ~7% CAGR over FY20-25. Going forward, GBFS demand is estimated to reach ~54-56mt by FY30E, clocking ~8-9% CAGR, supported by capacity expansions by leading steel players.

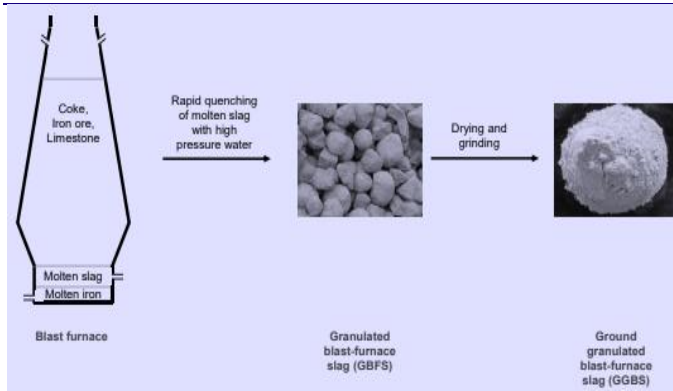
Cement manufacturers use blast furnace slag as a key raw material to produce Portland slag cement (PSC) and Portland composite cement (PCC). In FY25, cement production in India is estimated at 457mt. Of this, PSC accounted for ~10%, PCC ~4-5%, OPC ~22-23% and PPC ~62-64%. The cement industry is estimated to have consumed ~65-70% of the total blast furnace slag generated during the year.

Brief overview of GGBS – manufacturing process, demand and application

GGBS is produced entirely from blast furnace slag, a byproduct of the steel manufacturing process. GBFS is then dried and finely ground to produce GGBS. GGBS demand in India is estimated at ~6.2mt in FY25 and is anticipated to grow to 11.9-12.5mt by FY30E at a CAGR of ~14-15%. The growth is driven by its effectiveness as a substitute for OPC and fly ash in concrete production and rising awareness of GGBS' benefits among customers.

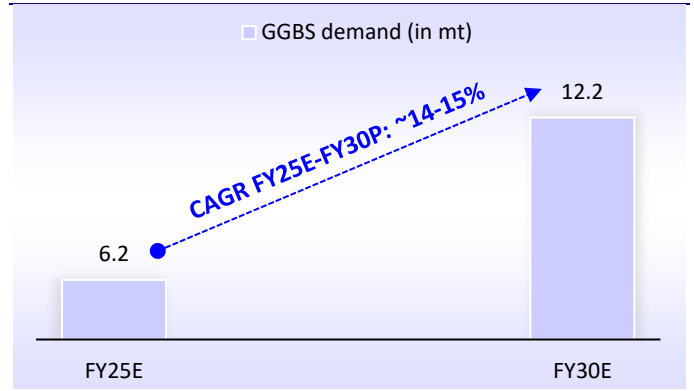
The availability of blast furnace slag is primarily concentrated in south and east regions. The south region remains the largest consumer with ~50-55% of the country's total GGBS consumption, followed by the west region at ~40-45%. GGBS adoption in the eastern region is still in early stages, with the cost competitiveness of alternatives remaining a key factor. Northern India currently has no GGBS production or consumption due to the lack of accessible blast furnace slag.

Exhibit 1: Production process of GGBS



Source: JSWC RHP, MOFSL, Company

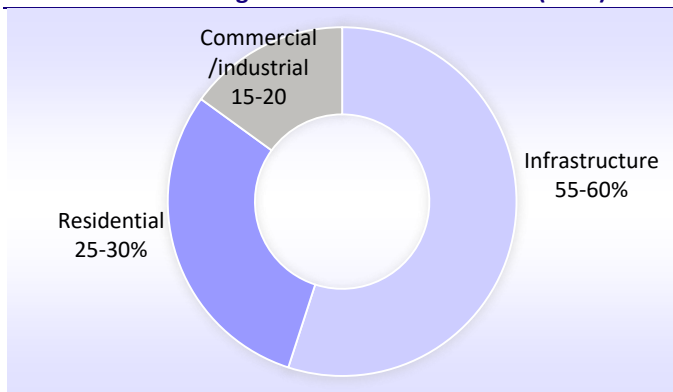
Exhibit 2: GGBS demand CAGR at ~14-15% over FY25-30E



Source: JSWC RHP, MOFSL, Company

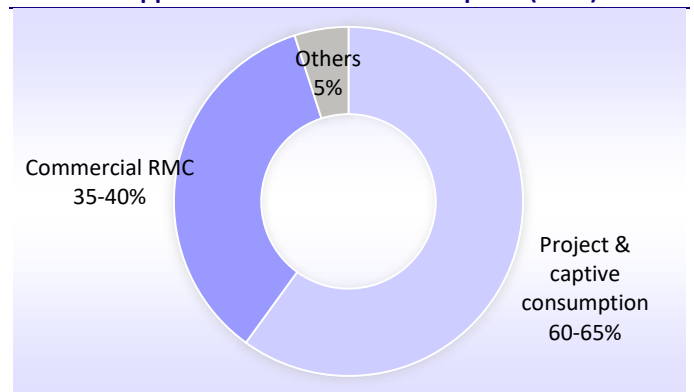
Infrastructure projects account for 50%+ of GGBS demand in India, making it the largest end-use segment. Metros, roads, bridges, and similar infrastructure developments have shown the highest levels of GGBS adoption. The residential and industrial/commercial sectors also contribute to demand. In the residential segment, GGBS is increasingly used in large-scale real estate developments, including high-rise buildings and township projects.

Exhibit 3: End-use segment-wise GGBS demand (FY25)



Source: JSWC RHP, MOFSL, Company

Exhibit 4: Application-side GGBS consumption (FY25)



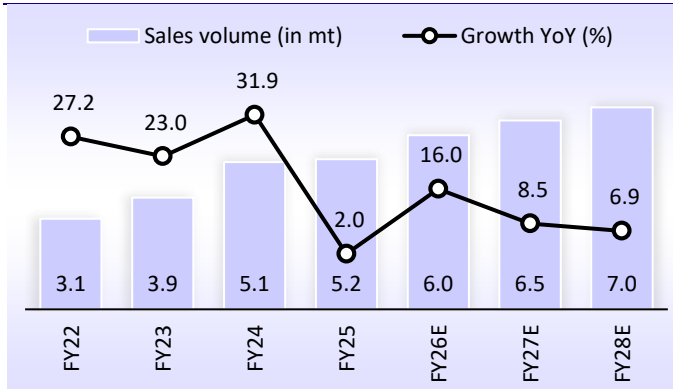
Source: JSWC RHP, MOFSL, Company; Note – Others include cement product industries, dry mix mortar, AAC blocks, grouts, soil stabilization

JSWC is well positioned to capitalize on the growing demand for GGBS, supported by long-term supply agreements for blast furnace slag.

JSWC unlocking growth through GGBS leadership

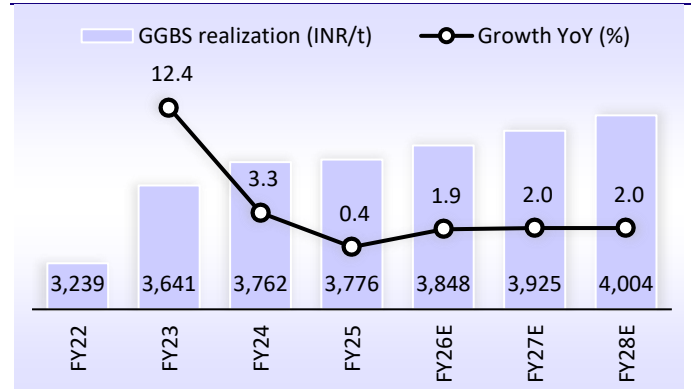
JSWC is the largest manufacturer of GGBS in India, commanding a market share of ~84% in terms of GGBS sales in FY25. JSWC is well positioned to capitalize on the growing demand for GGBS, supported by long-term supply agreements for blast furnace slag. It has secured multi-year agreements (from three to five years), with provisions for extension with group companies and another major steel producer in eastern India to ensure a consistent supply of slag. The long-term contracts for slag are at a fixed price with annual revisions based on the Wholesale Price Index (PSC) and export price parity. GGBS contribution to total sales volume has been increasing YoY and stood at ~42% in FY25. We estimate GGBS share to further increase in FY26 to ~45%. However, this will decline over FY27-28 due to the commissioning of new capacities in North India, where PPC share should be higher, and GGBS/slag-based cement is unviable due to lack of availability of slag in the region. Secondly, despite weak cement prices in FY25, JSWC's GGBS realization was stable during the year, supported by its higher market share.

Exhibit 5: JSWC's GGBS volume and growth



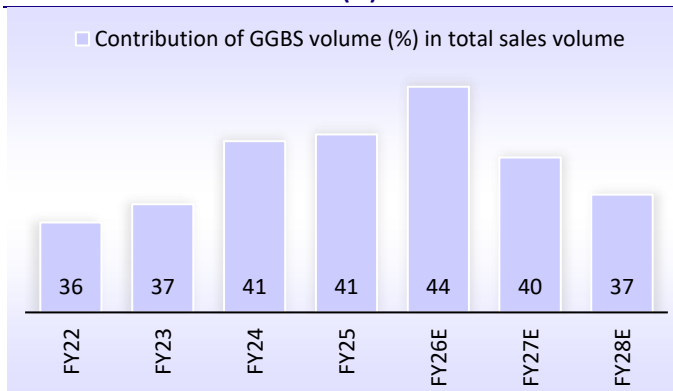
Source: MOFSL, Company

Exhibit 6: GGBS realization remains stable over FY24-25



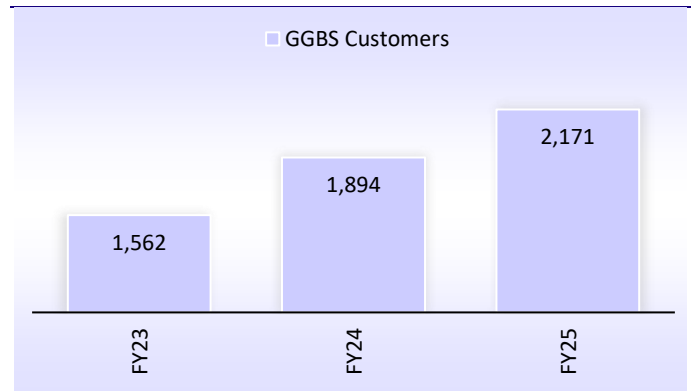
Source: MOFSL, Company;

Exhibit 7: GGBS volume share (%) in overall sales volume



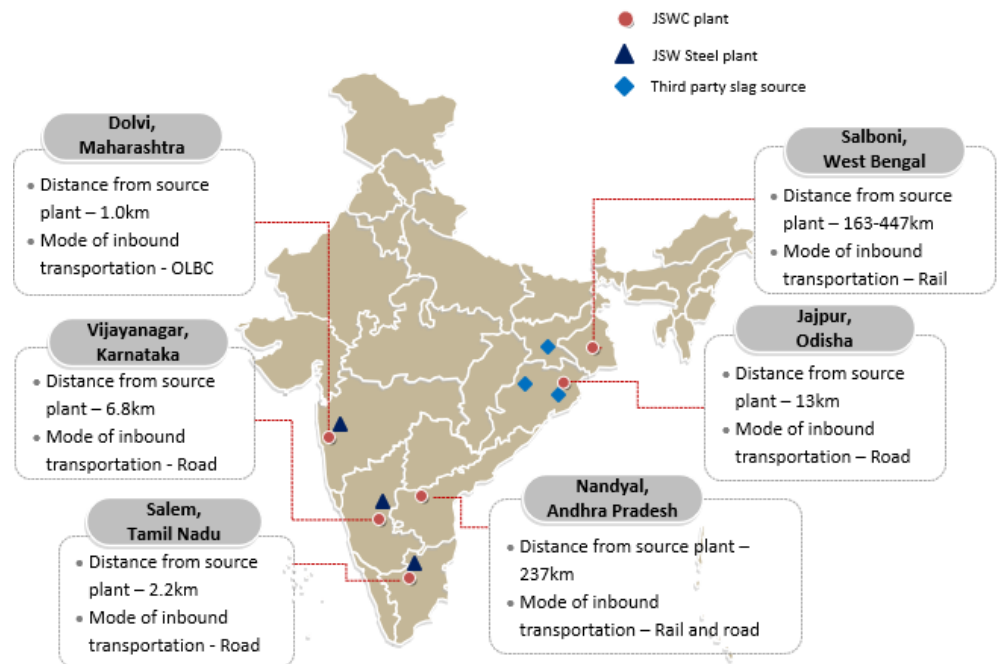
Source: MOFSL, Company

Exhibit 8: GGBS customer base increased YoY



Source: MOFSL, Company

Exhibit 9: JSWC's slag sourcing, distance and mode of transportation



Source: MOFSL, Company; OLBC – Overland belt conveyor; Note – Map not to scale; Used only for representative purposes

Aims to scale up grinding capacity to 31.9mtpa by FY28

Plans for a pan-India presence in the medium term

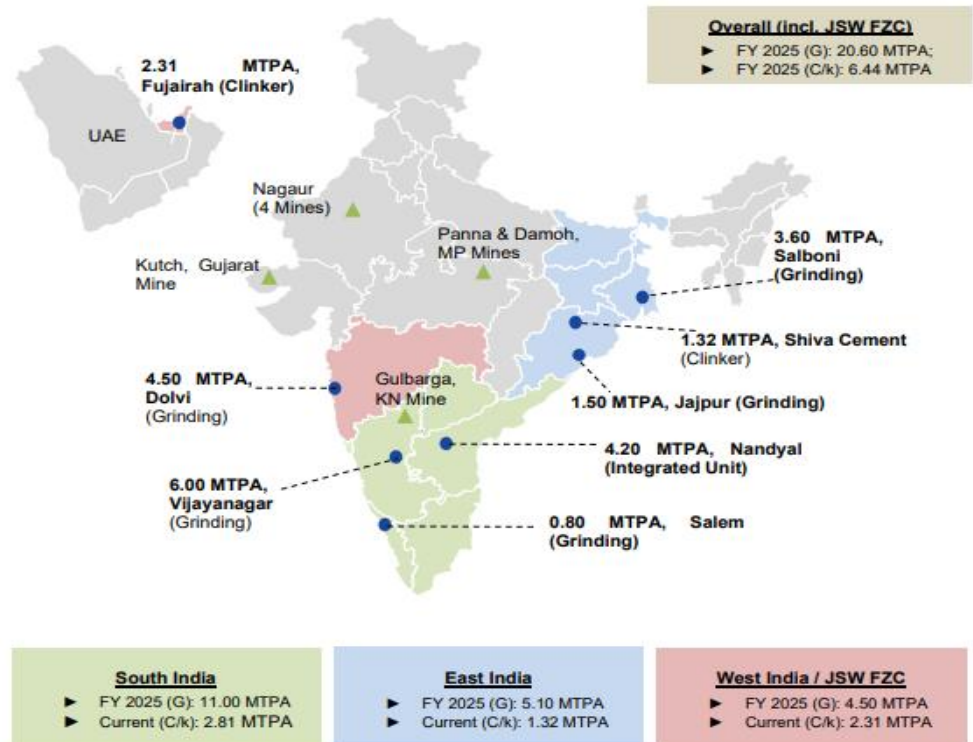
- JSWC operates seven plants across India and a clinker unit in the UAE, with a current clinker/grinding capacity of 6.4mtpa/20.6mtpa. It is pursuing a pan-India expansion via greenfield and brownfield projects, aiming for clinker/grinding capacity of 13.0mtpa/41.9mtpa in the medium term (targeting 9.7mtpa/31.9mtpa by FY28E).
- JSWC delivered a CAGR of ~8%/9% in grinding capacity/volume over FY19-25, outperforming the industry, led by timely project execution and a diversified product mix. GGBS, which saw ~12% CAGR over FY19-25 and formed ~42% of total volumes in FY25, played a key role in this growth.
- Cement demand/capacity in India grew at a ~5% CAGR (each) over FY19-25. Capacity growth at ~9% in FY26E is likely to surpass demand growth at ~6-7% during the year. However, we estimate capacity CAGR of ~5% over FY26-28 to be lower than demand CAGR of ~7%.

Grew capacity from 0.6mtpa (FY09) to 20.6mtpa (FY25) largely organically

JSWC's clinker/grinding capacity stood at 6.4mtpa/20.6mtpa as of Mar'25 in India and a standalone clinker capacity at Fujairah, UAE (JSW Cement FZC). The company ordered its first grinding mill in FY08 and started operations in FY09 in the southern region at Vijayanagar, Karnataka. It is now operating seven plants in India, which comprise one integrated unit, one clinker unit and five grinding units spread across the South, West and East regions. Additionally, JSW Cement FZC operates one clinker unit in the UAE that supplies clinker to the Dolvi GU in Western India and to third-party customers.

JSWC operates seven plants across India and a clinker unit in the UAE, with a current clinker/grinding capacity of 6.4mtpa/20.6mtpa. It is pursuing a pan-India expansion via greenfield and brownfield projects, aiming for clinker/grinding capacity of 13.0mtpa/41.9mtpa in the medium term (targeting 9.7mtpa/31.9mtpa by FY28E).

Exhibit 10: JSWC's installed clinker and grinding capacity as of Mar'25



Source: MOFSL, Company; G – Grinding capacity, C/k – clinker capacity

Strengthening pan-India presence by entering the north and central regions while deepening capacity in existing markets

JSWC is undertaking a mix of greenfield and brownfield expansions across India, including the entry into the North and Central regions (Exhibit 11). It aims to increase clinker/grinding capacity to 13.0mtpa/41.9mtpa in the medium term (targeting 9.7mtpa/31.9mtpa by FY28E) and create a pan-India footprint. The company has initiated the process of capacity expansions, such as securing mining leases, acquiring the necessary land, and obtaining regulatory clearance (Exhibit 12). As part of its expansion strategy, JSWC intends to increase its grinding capacity to 60.0mtpa in the long term.

Exhibit 11: JSWC's proposed capacity expansions

Plant Location	Region	Plant Type	Expansion type	Clinker (mtpa)	Grinding (mtpa)	Expected commissioning
Nagaur, Rajasthan	North	Integrated Unit	Greenfield	3.3	3.5	Jan'26
Talwandi Sabo, Punjab	North	Grinding Unit	Greenfield	-	2.8	Mar'27
BPSL, Sambalpur, Odisha	East	Grinding Unit	Greenfield	-	1.0	Refer note
Vijayanagar, Karnataka	South	Grinding Unit	Brownfield	-	4.0	FY28-end
Dolvi, Maharashtra	West	Grinding Unit	Greenfield	-	4.0	Phase-I Mar'28 Phase-II Dec'28
Hatta, Madhya Pradesh	Central	Integrated Unit	Greenfield	3.3	1.0	Awaited
Uttar Pradesh	Central	Grinding Unit	Greenfield	-	5.0	Awaited
Total Proposed expansion				6.6	21.3	
Existing capacity				6.4	20.6	
Capacity post completion of expansions				13.0	41.9	

Source: MOFSL, Company, note: BPSL, liquidation proceedings ordered in May'25 later stayed by the Supreme Court is awaiting further clarity.

Exhibit 12: Status of mining leases for proposed integrated units

Plant Location	Region	Mines	Residual reserves (mt)	Mining Plan	Land Acquisition	Environmental Clearance	Mining Lease
Nagaur, Rajasthan	North	3B2	144.61	Approved	252.37 acres	Granted	Executed
		3D1	158.03	Approved			
		3C1	168.46	Approved			
		3C2	129.65	Approved			
Hatta, Madhya Pradesh	Central	Kolkarhiya	139.17	Approved	509.29 acres	Granted	Executed
		Pipariya Dhyandas	55.91	Approved			

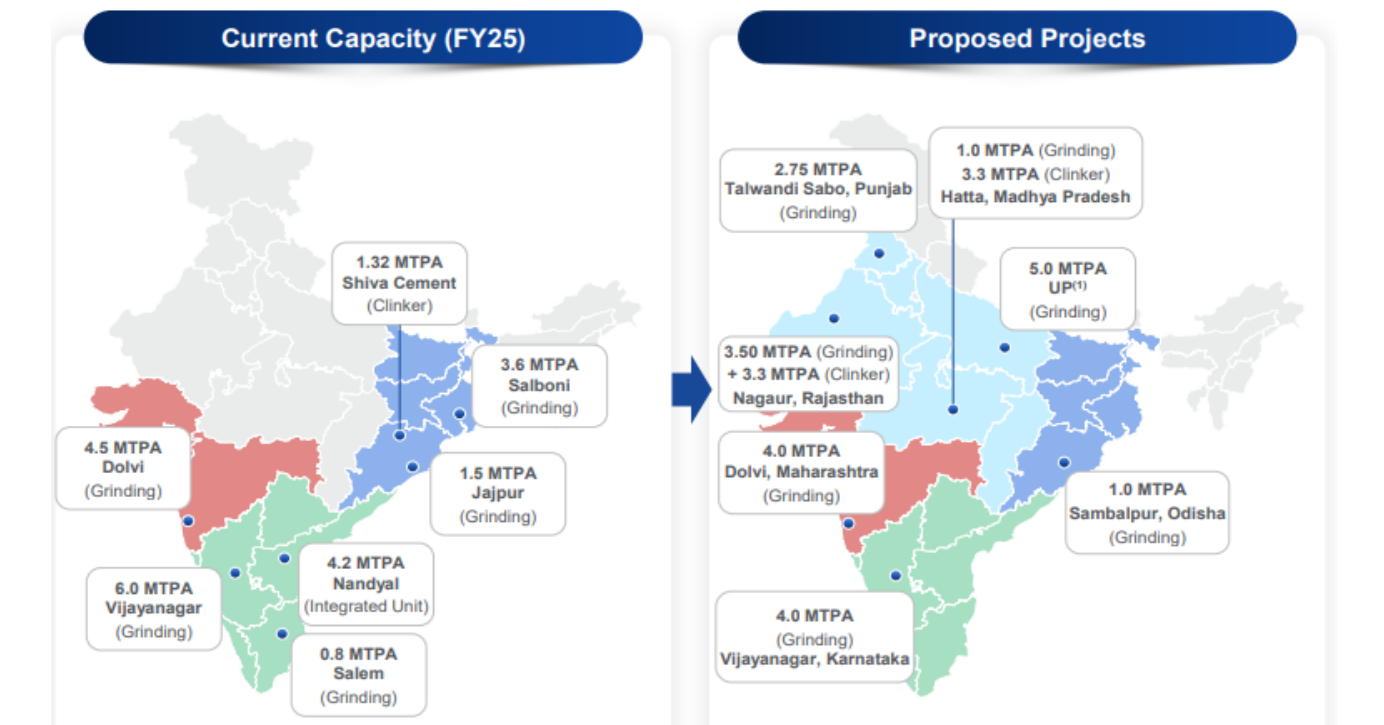
Source: MOFSL, Company

Exhibit 13: Status of land acquisition and regulatory clearances for integrated units and grinding units

Plant Location	Land status	Environmental Clearance (EC)	Consent to Establish (CTE)
Nagaur, Rajasthan	Acquired	Granted	Granted
Talwandi Sabo, Punjab	Acquisition in progress	Applied	To be Applied
BPSL, Sambalpur, Odisha	Proposed, to be leased by Shiva Cement	To be Applied	To be Applied
Vijayanagar, Karnataka	Proposed, to be leased by Shiva Cement	Applied	To be Applied
Dolvi, Maharashtra	Identified, to be acquired	To be Applied	To be Applied
Hatta, Madhya Pradesh	326.57 acres acquired	Applied	To be Applied
Uttar Pradesh	Location to be finalised	To be Applied	To be Applied

Source: MOFSL, Company

Exhibit 14: JSWC's geographical footprint currently and post expansions

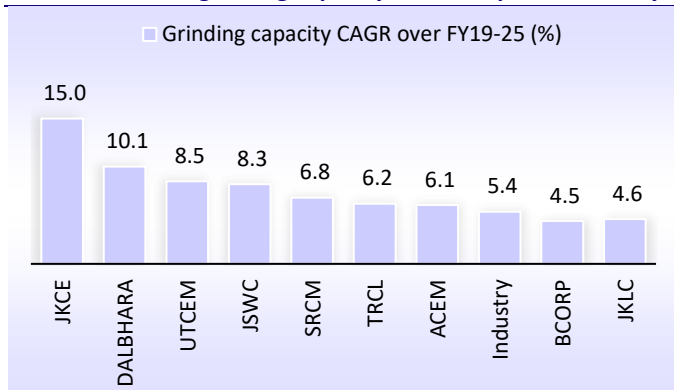


Source: MOFSL, Company

JSWC outpaced industry over FY19-25 and among the top three players in volume growth

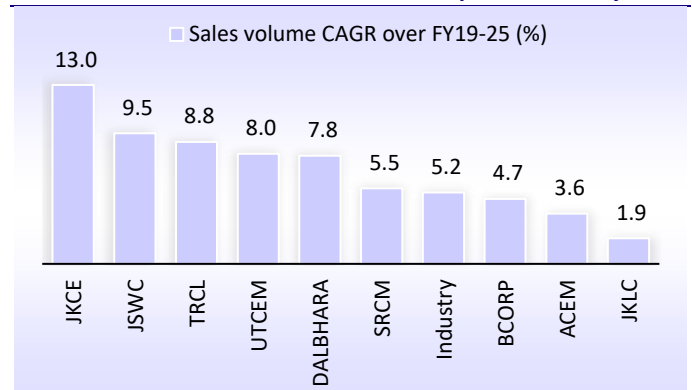
JSWC's grinding capacity/volume CAGR at ~8%/9% over FY19-25 was higher than the industry. It was among the top three players within our coverage universe in terms of volume growth during the same period. This growth was led by timely execution of projects and a diversified product mix. A key contributor to this growth has been GGBS (~12% CAGR over FY19-25). As the largest manufacturer of GGBS in India (84% market share in FY25), JSWC leveraged rising demand for blended and eco-friendly cement, which supported higher volume growth, improved cost efficiency, and enhanced its green positioning in the market. The contribution of GGBS volume in the company's total volume was at ~42% in FY25 vs. ~36% in FY19. Going forward the company is expanding more of its clinker-backed cement capacity. We estimate the contribution of GGBS in its total sales volume to decline.

Exhibit 15: JSWC grinding capacity CAGR vs. peers/industry



Source: MOFSL, Industry, Company

Exhibit 16: JSWC sales volume CAGR vs. peers/industry

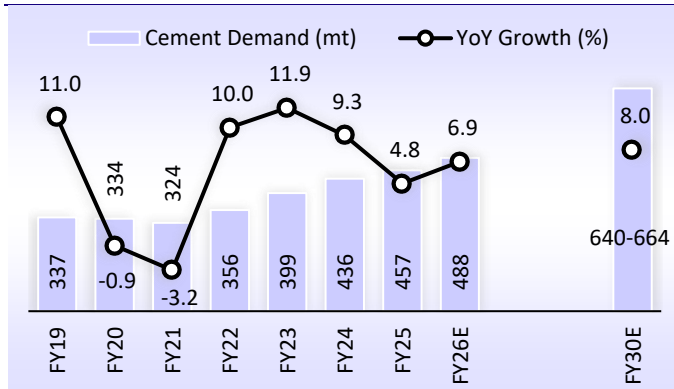


Source: MOFSL, Industry, Company; Note: JSWC volume CAGR is calculated based on cement and GGBS volume sold

Indian cement demand is estimated to grow at a healthy pace

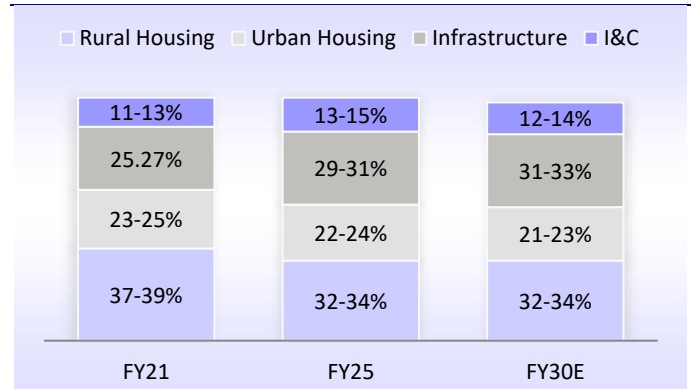
Cement demand in India clocked ~5% CAGR over FY19-25, led by infrastructure and affordable housing segments. Demand rebounded sharply from the pandemic lows, rising ~10% in FY22 and ~12% in FY23, led by rural housing and infrastructure. Pre-election spending supported ~9% growth in FY24, while election-led slowdown in government expenditure and subdued IHB demand in 1H FY25 moderated growth to ~5% in FY25. Cement demand in FY26 is estimated to grow ~6-7% YoY, backed by a rise in the government capex for core infrastructure (railways, road and highways, ports, airports, government-led affordable housing schemes), a likely pick-up in individual housing demand (both urban and rural), and industrial demand (private investment and commercial real-estate). In the long term (over FY26-30), cement demand is estimated to grow ~7-8% annually, fueled by continuing investment in infrastructure, healthy demand from housing segment, and the industrial and commercial segments.

Exhibit 17: Demand CAGR is estimated ~7-8% over FY26-30



Source: MOFSL, Industry, Company

Exhibit 18: Sectoral mix of cement demand



Source: JSWC RHP, MOFSL, Company

Supply growth to accelerate to ~9% in FY26 led by large players; we estimate supply growth to trail demand over FY26-28

Over FY19-25, the industry's grinding capacity grew at a ~5% CAGR, supported by expansions from both large- and mid-sized players. M&A activity also picked up during this period, driving higher consolidation in the industry, with the top five players' capacity share rising to ~61% in FY25 from ~47% in FY19. For FY26, industry capacity is estimated to grow by ~9% (adding ~55-60mtpa), out of which a large part of expansion 80%+ (~44mtpa) will come from the top three players, UTCЕМ, ACEM and SRCM. Meanwhile, mid-sized players (JKLC, JSWC, BCORP and DALBHARA) are adding capacity during FY27-28, spurred by limited growth opportunities. We estimate ~65-68mtpa incremental supply (combined) over FY27-28, out of which ~38-40mtpa (~56-58%) will be added by mid-sized players and ~27-28mtpa (~40-41%) by the top three players. We estimate industry's capacity CAGR of ~5% over FY26-28 to be lower than the demand CAGR of ~7% during the same period.

Capacity expansion to drive regional diversification

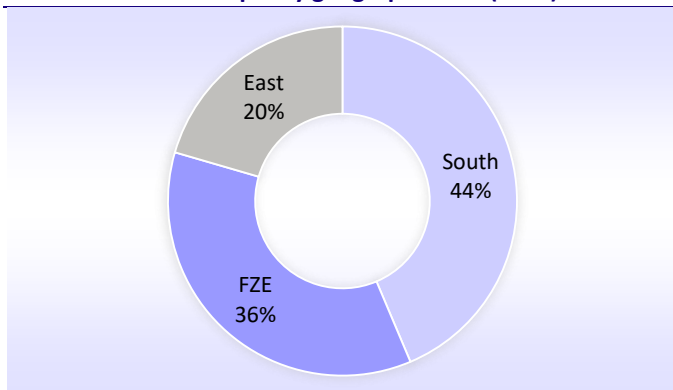
Higher limestone cost in North partly offset by state incentives initially

- JSWC's planned expansion in North, South and East regions would help in regional diversification with south/west/north/east grinding capacity share of ~41%/20%/20%/19% by FY28E vs. current share of ~53%/25%/22% in the south/east/west regions.
- We believe that profitability of cement companies has remained higher in the North region compared to South/East regions due to better cement prices. Moreover, regional diversification is expected to reduce risks related to demand/price volatility over the medium to long term.
- While JSWC's entry into the North will aid diversification, limestone from its e-auctioned mines in Nagaur will cost ~INR210/t+ more than peers' mines. This higher cost is initially expected to be partly offset by state incentives.

JSWC's planned expansion in North, South and East regions would help in regional diversification, with south/west/north/east grinding capacity share of ~41%/20%/20%/19% by FY28E vs. current share of ~53%/25%/22% in the south/east/west regions.

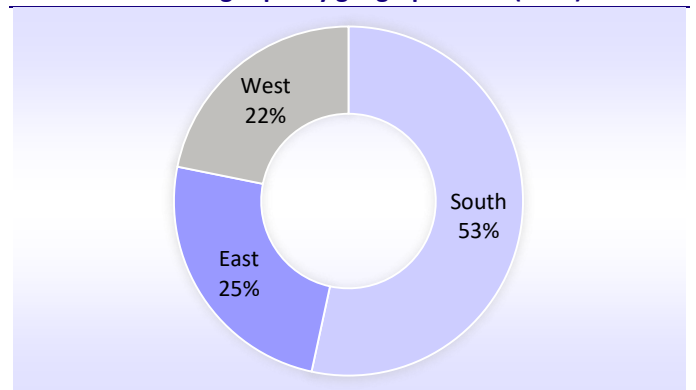
In the near term, JSWC plans to increase its capacities in the north region (integrated plant in Nagaur, Rajasthan, and split grinding unit in Punjab), apart from brownfield expansion at grinding unit in Vijayanagar, Karnataka. Bhushan Power & Steel (BPSL) is in the process of setting up a 1.0mtpa grinding unit in Sambalpur, Odisha, which will be transferred to Shiva Cement (subsidiary company) after the commencement of operations. The Supreme Court of India, pursuant to its order dated 2nd May'25, had directed for the initiation of liquidation proceedings against BPSL, which was granted a stay later. The commissioning of these capacities will help JSWC achieve clinker/grinding capacity of 9.7mtpa/31.9mtpa in FY28E vs. 6.4mtpa/20.6mtpa currently. This will also help JSWC in regional diversification.

Exhibit 19: Clinker capacity geographic-mix (FY25)



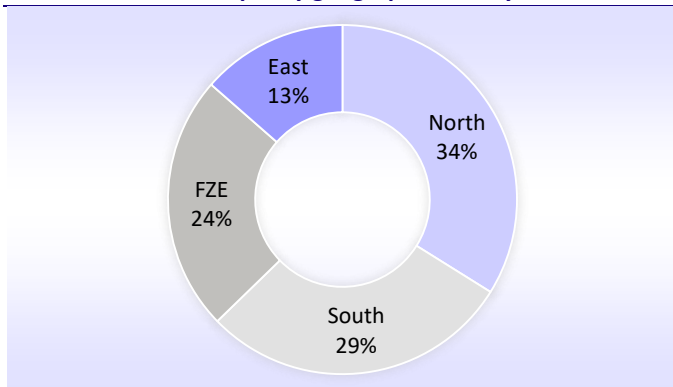
Source: MOFSL, Company

Exhibit 20: Grinding capacity geographic-mix (FY25)



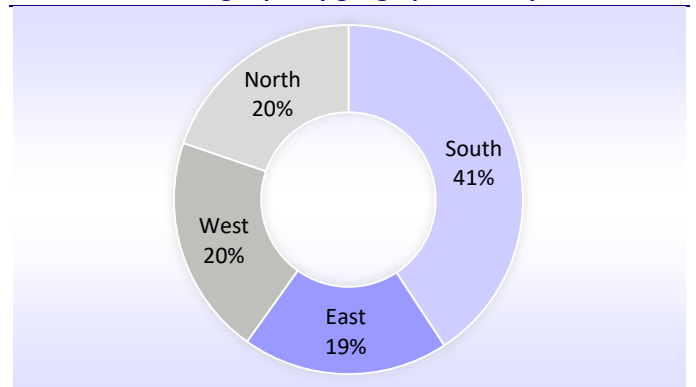
Source: MOFSL, Company

Exhibit 21: Clinker capacity geographic-mix by FY28E



Source: MOFSL, Company

Exhibit 22: Grinding capacity geographic-mix by FY28E

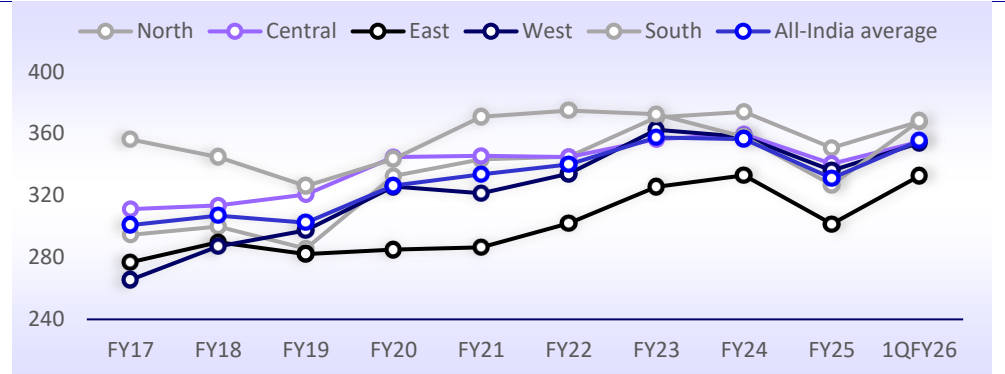


Source: MOFSL, Company

Cement prices in the North region have remained stable compared to the South/East markets in the last few years, which has led to higher profitability for cement plants in the North region, as per our understanding.

Cement prices in the North region have remained stable compared to the South/East markets in the last few years, which has led to higher profitability for cement plants in the North region, as per our understanding. We believe that the regional diversification will help to mitigate the risk from the regional demand/price volatility in the medium to long term.

Exhibit 23: Cement price trend in past few years (INR/bag)



Source: MOFSL, Industry

Though there will be a regional diversification after JSWC's entry into the North region, we understand that the mines in Nagaur have been acquired through e-auction and the cost of limestone will be higher than the operating mines of other companies in the region. Considering a limestone-to-clinker conversion ratio of ~1.5x and a C:C ratio of ~1.4x for the North plant, we believe that the cost of limestone will be ~INR210/t+ higher than that of other operating mines in the region.

Exhibit 24: JSWC's north region limestone auction premium working

Block name	Final Bid (%) of IBM price	Auction premium (INR/ton)- tentative*
3D1, Harima-Pithsar	41.6	201
3B2, Sarasani	60.1	290
Block- 3C-1 n/v Deh-Harima	130.1	628
Block- 3C-2 n/v Deh-Harima	50.1	242

Source: MOFSL, Company; Note: *IBM price considered at INR483/t for our calculations

We believe that initially, a higher cost of limestone in North region will be offset by the state incentives, for which JSWC's plants are eligible in the North region

We believe that initially, a higher cost of limestone in North region will be offset by the state incentives, for which JSWC's plants are eligible in the North region. As per our understanding, eligible manufacturing enterprises in Rajasthan can avail a reimbursement of 75% of due state tax and can be deposited for a period of seven years. However, this subsidy has an annual ceiling of INR500m for 1-3 years and INR650m for 4-7 years. As per our calculations and production estimates for its Nagaur unit, we expect annual incentives of INR500m in FY27/28E, which translates into INR273/INR140 per ton for FY27/28E.

Driving profitability through strategic cost optimization

Leveraging innovation, green power, and logistics efficiency

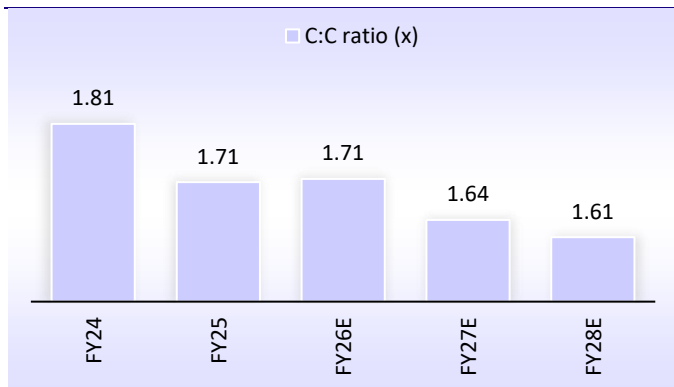
- JSWC's clinker-to-cement (C:C) ratio stood at 1.71x in FY25, which was better than the industry average of 1.51x, led by a higher share of slag-based products (PSC, PCC and Concreel HD). While the C:C ratio is expected to remain better than the industry average, it may deteriorate slightly due to the ongoing expansion in the north region.
- It is expanding its green energy mix through WHRS, solar power plants, and alternative fuels, which are operational at its key plants and planned for all new clinker units.
- It is improving supply chain efficiency through a digital logistics control tower with yard management, RFID/GPS tracking, and automated route optimization.

JSWC's clinker-to-cement ratio stood at 1.71x in FY25, which was better than the industry average of 1.51x, led by a higher share of slag-based products (PSC, PCC and Concreel HD).

Lower clinker-to-cement ratio driven by higher PSC share in cement sales

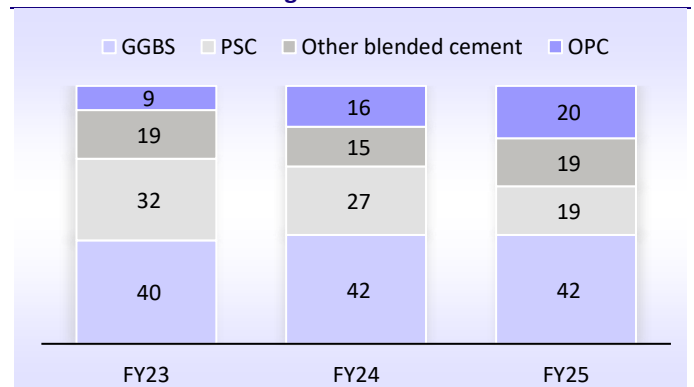
The company's C:C ratio stood at 1.71x in FY25 vs. the peers' average at 1.51x (according to JSWC's RHP). The lower clinker factor is supported by a higher share of blast furnace slag-based products, i.e., PSC, PCC, and Concreel HD, in overall cement sales. Going forward, the company's C:C ratio is also estimated to remain low compared to the industry average; however, the clinker factor is likely to increase given the expansion into the northern region (where slag is not available). While the company's blended cement share stood at ~65% in FY25, its green cementitious product (PPC, PSC, Concreel HD and GGBS) share stood at ~79% in overall sales volume, given its strong presence in GGBS.

Exhibit 25: C:C ratio is estimated to decline over FY27-28



Source: MOFSL, Company

Exhibit 26: GGBS and slag based cement contribute ~79%

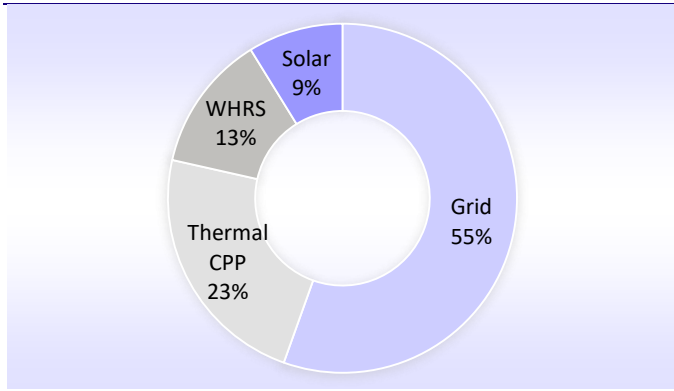


Source: MOFSL, Company; other blended cement includes PPC and PCC

Green energy share improves through WHRS and AFR installations

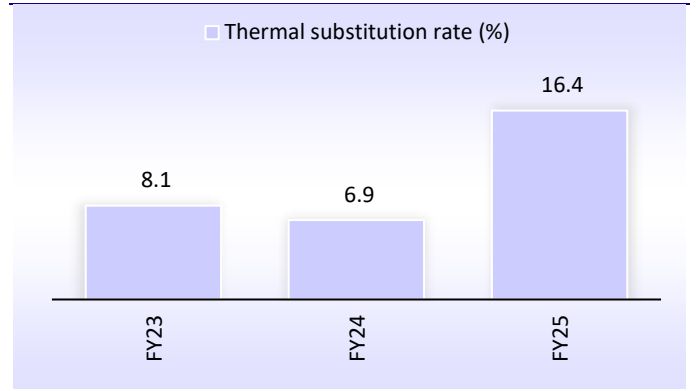
The company is increasing its use of green power, comprising waste heat recovery systems (WHRs) and solar power, and alternative fuel sources. Currently, solar power is used at the Nandyal, Vijayanagar, and Salboni plants, with plans to expand its use across all facilities. WHRS has been installed at the Nandyal plant and the Shiva Cement Limited clinker unit and will be included in all upcoming clinker units as part of the company's expansion. Alternate fuel handling systems are already operational at the Nandyal, Shiva Cement, and JSW Cement FZC clinker units, reducing reliance on fossil fuels. To further mitigate exposure to imported coal and petcoke price volatility, the company secured rights to operate the Marwatola VI coal block in Madhya Pradesh (in FY23), with residual reserves of 30.03mt as of Mar'25. This block is expected to reduce coal costs and improve supply security once the mine is operational.

Exhibit 27: JSWC's power mix in FY25 (%)



Source: MOFSL, Company

Exhibit 28: Thermal substitution rate increased in FY25



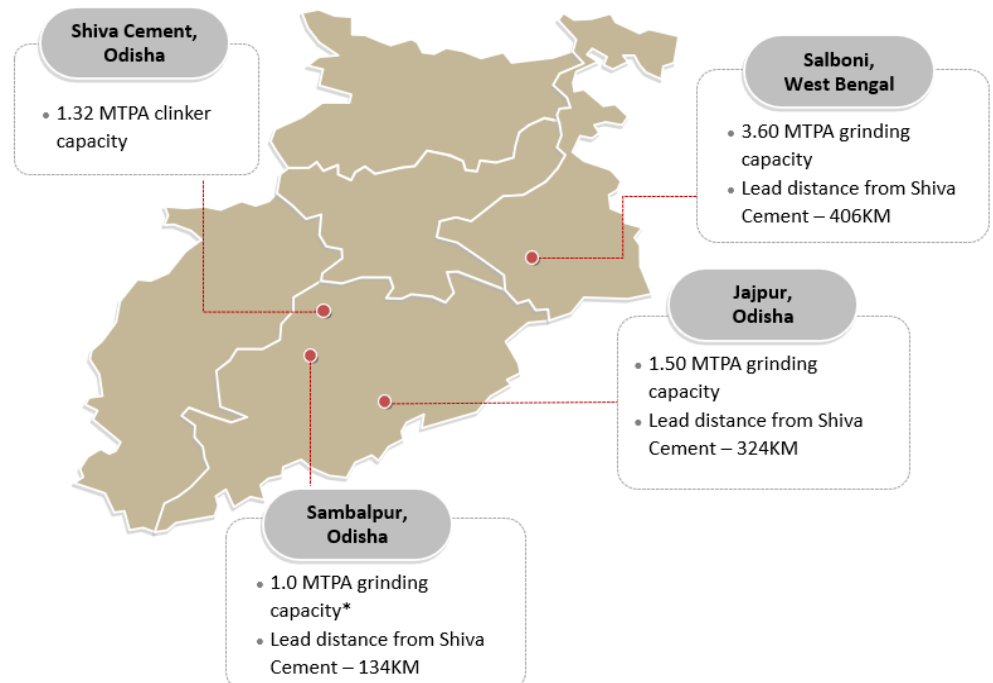
Source: MOFSL, Company

Leveraging digitalization to improve logistics efficiency

The commissioning of the grinding unit by Shiva Cement in the East region may also help in cost savings as other grinding units are situated at a distance of ~370-400km. However, the benefit would be smaller.

JSWC is leveraging digitalization to enhance service quality and cost-efficiency across its supply chain through a digital logistics control tower (LCT). This system oversees the complete order-to-delivery cycle using yard management systems, RFID and GPS tracking, and automated route and fleet optimization. Further, the commissioning of the grinding unit by Shiva Cement in the East region may also help in cost savings as other grinding units are situated at a distance of ~370-400km. However, the benefit would be smaller as the clinker plant is operated at ~68% capacity in FY25 and caters to the requirements of GUs in Odisha and West Bengal.

Exhibit 29: Sambalpur expansion is likely to lower the overall lead distance in the East



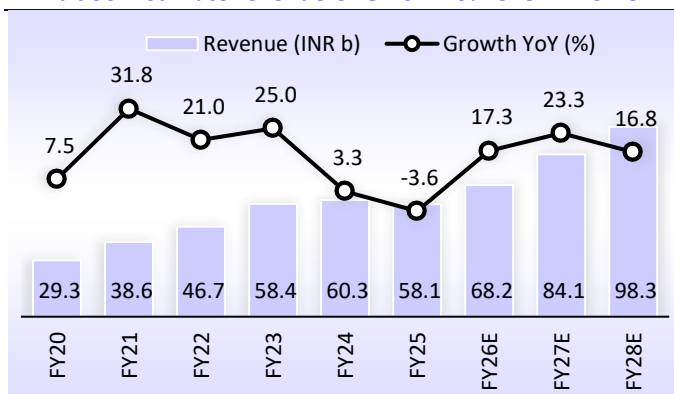
Source: MOFSL, Company; Note – Map not to scale, used for representative purposes only, BPSL, liquidation proceedings ordered in May'25, later stayed by the Supreme Court – awaiting further clarity.

Financial outlook

Estimate a revenue CAGR of ~19% over FY25-28

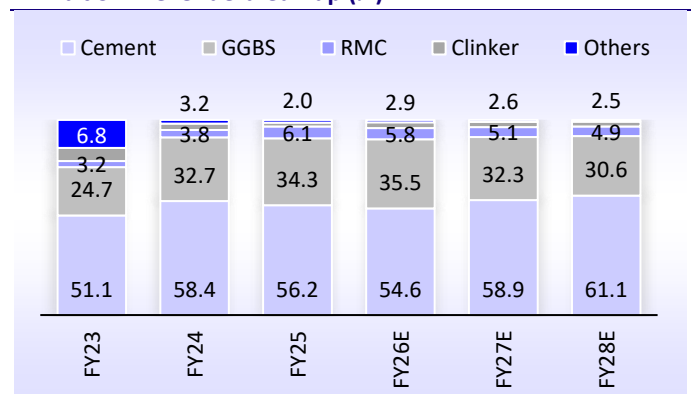
The company's consolidated revenue clocked ~11% CAGR over FY21-25, led by ~11% volume CAGR. Cement realization increased in FY23 to pass on the impact of higher input costs (as fuel prices reached an all-time high amid the Russia-Ukraine war), while this has declined in FY24/FY25 due to a correction in cement prices in its core market. GGBS' realization remained stable over FY24-25. At the beginning of FY26 (Apr-May'25), cement prices surged in the southern region by ~13-14% sequentially, followed by a price hike in the range of ~2-5% in other regions. However, during Jun-Jul'25, cement prices corrected ~4-5% sequentially in the southern and eastern regions due to early monsoon and moderation in demand. We estimate pricing momentum to remain positive in the country in the remaining FY26, given higher consolidation and industry players' focus on maintaining a balance between volume and profitability. We estimate volume CAGR of ~16% over FY25-28. Further, we increase the company's blended realization by ~4% YoY in FY26 and ~1-2% in FY27-28 (each). As a result, the company's revenue is estimated to grow at ~18% CAGR over FY25-28.

Exhibit 30: Estimate revenue CAGR of ~19% over FY25-28



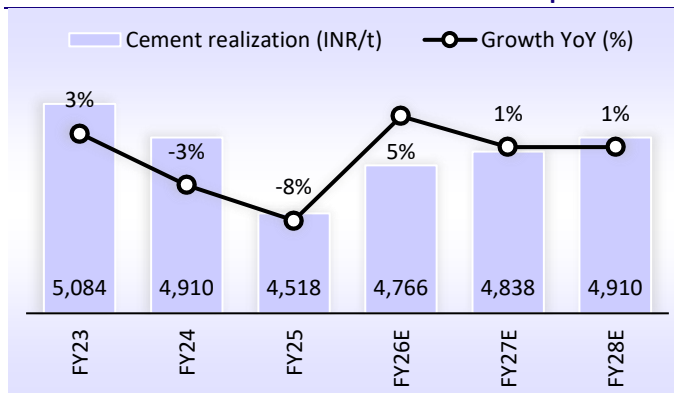
Source: MOFSL, Company

Exhibit 31: Revenue break-up (%)



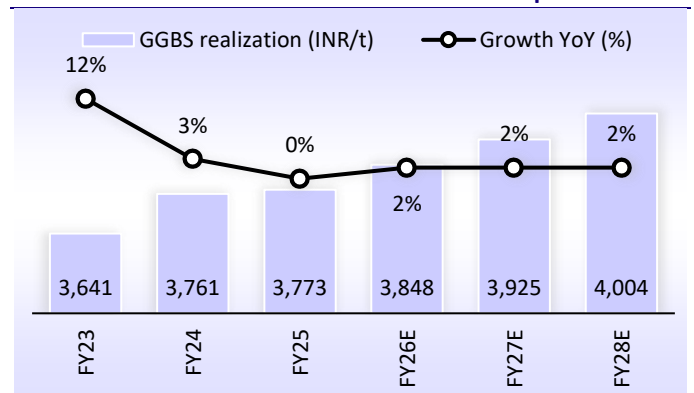
Source: MOFSL, Company

Exhibit 32: Estimate the cement realization to improve



Source: MOFSL, Company

Exhibit 33: Estimate the GGBS realization to improve

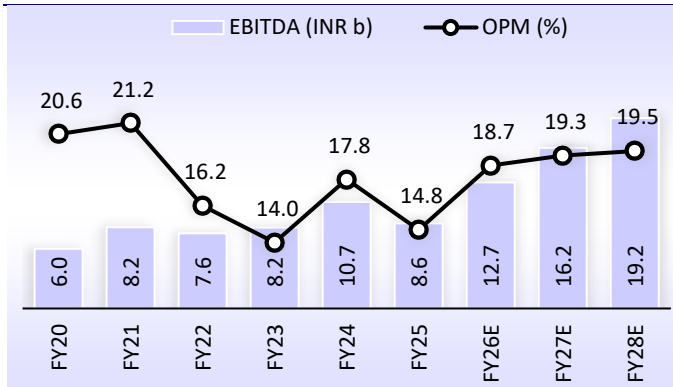


Source: MOFSL, Company

Estimate an EBITDA CAGR of ~31% over FY25-28

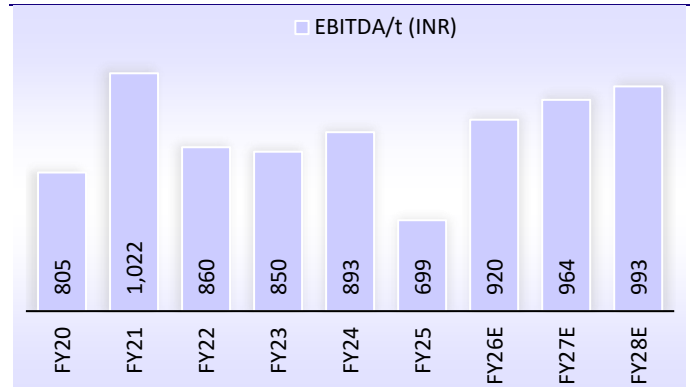
JSWC's EBITDA CAGR was muted at ~1% over FY21-25 due to weak cement realization. We estimate EBITDA CAGR at ~31% over FY25-28, albeit on a low base, led by volume and realization growth. While we estimate opex/t will increase due to a reduction in C:C ratio over FY27-28, post-commissioning of North India expansion, this can be partially offset by cost efficiency measures (increasing green power share, logistics cost optimization, and positive operating leverage). We estimate the company's OPM to improve to ~19%-20% over FY26-28 vs. ~15% in FY25 (average ~17% over FY21-25). We estimate the company's blended EBITDA/t to increase to INR920/INR964/INR993 by FY26/FY27/FY28 vs. INR699/t in FY25 (average at INR865/t over FY21-25).

Exhibit 34: Estimate EBITDA CAGR of ~31% over FY25-28



Source: MOFSL, Company

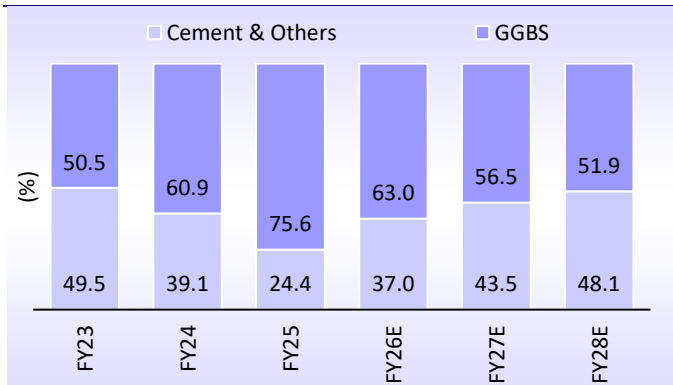
Exhibit 35: Estimate EBITDA/t to improve over FY26-28



Source: MOFSL, Company

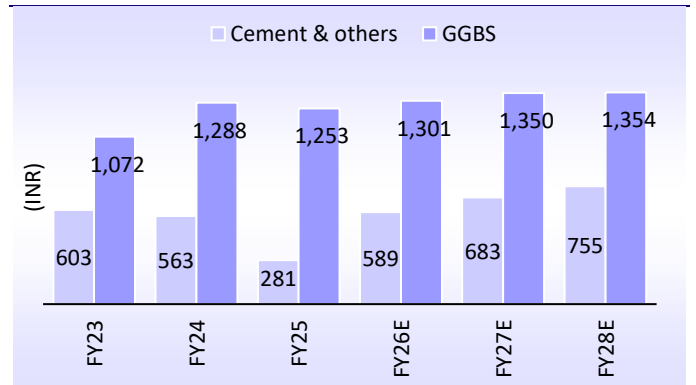
The company's GGBS profitability remains higher, given the cost advantage and improvement in realization. During FY23-25, GGBS volume in overall sales also rose, which increased GGBS' EBITDA contribution to the company's total EBITDA (as per our calculations). Going forward, we estimate cement sales volume CAGR to be higher at ~19% over FY25-28 (vs. GGBS volume CAGR estimate of ~12%) due to capacity and geo-mix expansion. Further, we estimate a higher price increase of cement products in the southern region and cost efficiency measures to drive a higher improvement in cement profitability.

Exhibit 36: EBITDA share of cement & other/GGBS



Source: MOFSL

Exhibit 37: EBITDA/t estimate for cement & other/GGBS

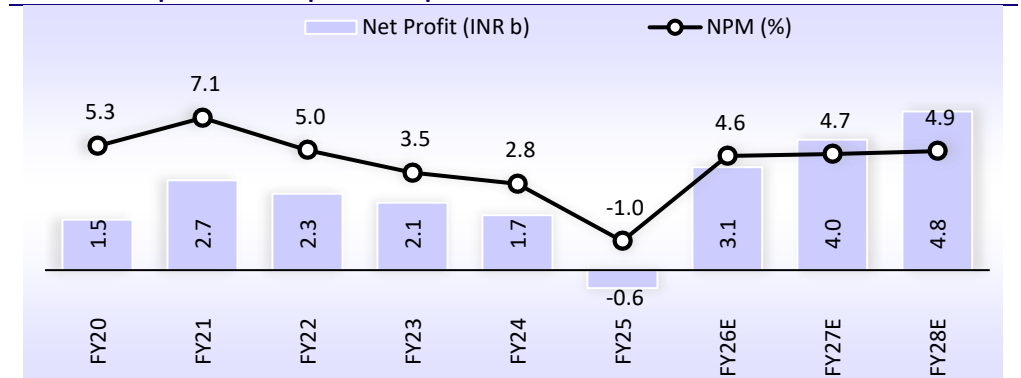


Source: MOFSL

Estimate JSWC to report a net profit over FY26-28 vs. a net loss in FY25

JSWC's net profit declined over FY22-24, driven by higher depreciation/finance costs/tax expenses. The company reported a net loss of INR554m (pre-CCPS loss) in FY25, due to lower EBITDA and higher depreciation/finance costs. Higher profitability of cement and GGBS, along with stable interest expenses (absence of CCPS-related charges), should help the company to report a profit of ~INR3b in FY26, which we expect to increase to ~INR5b in FY28E. We estimate a net profit margin (NPM) to improve to ~5% by FY28 vs. a net loss in FY25 (average NPM came in at 2.4% over FY21-25).

Exhibit 38: Expect JSWC to post a net profit over FY26-28 vs. a net loss in FY25

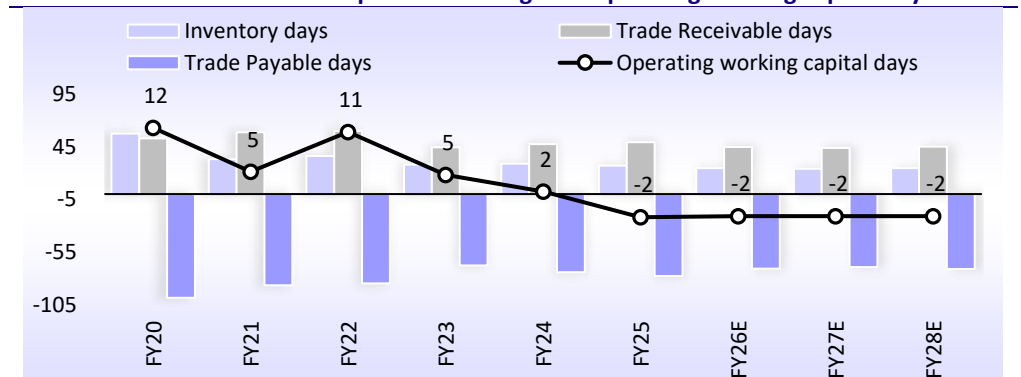


Source: MOFSL, Company

Negative operating working capital cycle supports OCF gains

JSWC operates with negative net operating working capital. The company's outstanding trade payables are higher than its inventory and trade receivables. We estimate the company to continue to operate with a negative net operating working capital, which helps to generate higher OCF.

Exhibit 39: JSWC continues to operate with negative operating working capital days



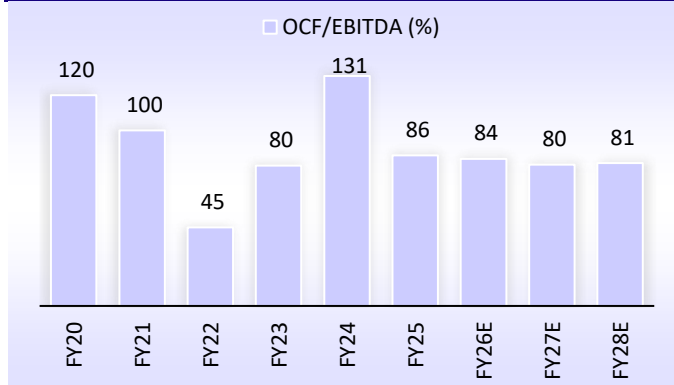
Source: MOFSL, Company

Operating cash flows to improve over FY26-28E

Cumulative OCF is expected to increase to INR39.2b over FY26-28 vs. INR28.0b over FY23-25, driven by improvement in profitability. Cumulative capex over FY26-28E should be higher at INR56.0b (given the aggressive capacity expansion plan) vs. INR37.2b over FY23-25. We estimate JSWC's cumulative net cash outflow over FY26-28 will be INR16.8b vs. the net cash outflow of INR9.2b over FY23-25.

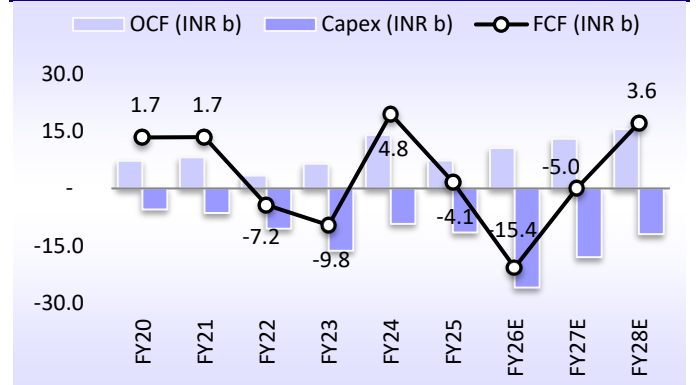
Further, the company has a higher OCF/EBITDA conversion ratio given the net negative operating working capital. In FY22, OCF/EBITDA conversion declined due to lower profitability, an increase in other current assets (loans and advances), and losses in financial instruments. The company's average OCF/EBITDA conversion ratio stood at ~88% over FY21-25. We estimate the company's OCF/EBITDA conversion ratio to remain healthy at ~80%+ over FY26-28.

Exhibit 40: OCF/EBITDA conversion at ~80%+ over FY26-28E



Source: MOFSL, Company

Exhibit 41: Higher capex continues to drive net cash outflow

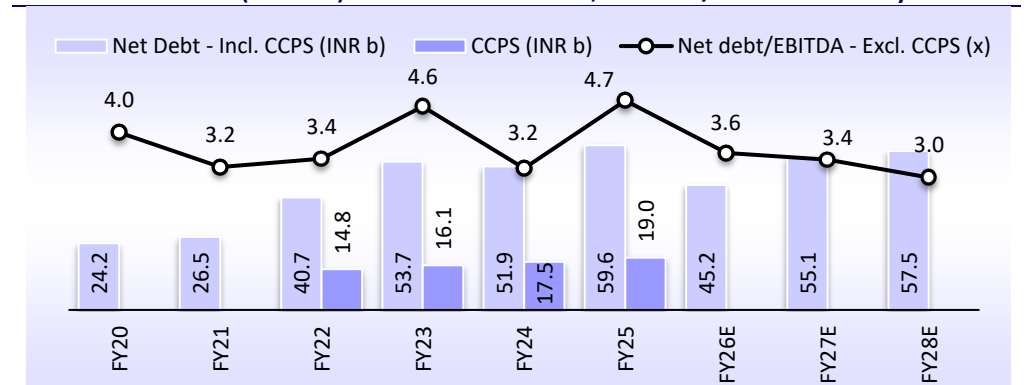


Source: MOFSL, Company

Net debt estimated to remain elevated

We estimate the company's net debt to be at INR57.5b vs. INR40.7b (ex-CCPS) in FY25. We estimate the company's net-debt-to-EBITDA ratio to improve to 3.0x by FY28 compared to 4.7x (ex-CCPS) in FY25, supported by improvement in profitability. Given the higher net debt, the company is estimated to grow organically in the medium term.

Exhibit 42: Net debt (ex-CCPS) estimated to increase; Net debt/EBITDA at 3.0x by FY28E



Source: MOFSL, Company

Estimate return ratios to improve, but to remain in single digits

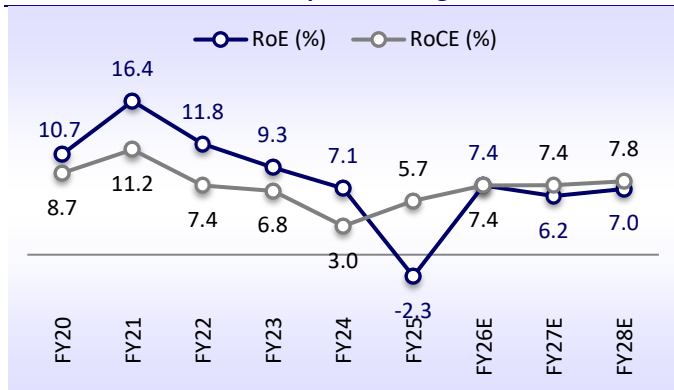
We estimate an increase in ROE/ROCE in FY26-28, driven by improvements in margin and asset turnover ratio. We estimate its RoE/RoCE to increase to ~7%/8% by FY28. JSWC's RoIC is estimated to increase to ~8% by FY28 vs. ~6% in FY25.

Exhibit 43: Du-Pont analysis

Particulars	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PAT/PBT (%)	67.2	66.1	58.6	143.2	54.8	-101.1	56.1	58.9	60.9
PBT/EBIT (%)	50.3	64.8	76.8	32.4	38.5	10.0	59.8	60.2	61.0
EBIT/Sales (%)	15.6	16.6	11.1	7.6	13.2	9.4	13.7	13.4	13.3
Asset turnover (%)	75.8	87.4	80.3	79.1	73.8	66.9	67.9	70.4	75.3
Assets/Equity (x)	2.7	2.6	2.9	3.3	3.4	3.6	2.4	1.9	1.9
ROE (%)	10.7	16.4	11.8	9.3	7.1	-2.3	7.4	6.2	7.0

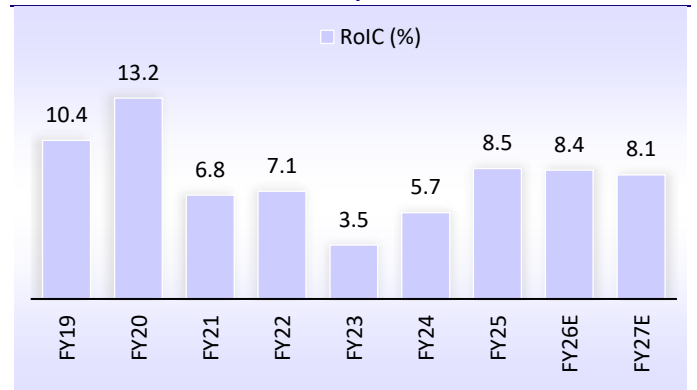
Source: MOFSL, Company

Exhibit 44: RoE/RoCE to improve during FY26-28



Source: MOFSL, Company

Exhibit 45: RoIC should also improve



Source: MOFSL, Company

Valuation and view: Fairly valued; initiate with Neutral

JSWC commenced its journey from the southern region with an aim to consume slag produced by the group company. It later diversified into the Maharashtra and eastern regions. As of now, JSWC has a clinker of 6.4mtpa (spread across South, East, and Fujairah, UAE). Its grinding capacity is at 20.6mtpa (~53%/25%/22% in the South/East/West regions). In the near term, the company is increasing clinker/cement capacity to 9.7mtpa/31.9mtpa by FY28E through greenfield plants in the northern and eastern regions and a brownfield expansion in the southern region. In the medium term, it plans to reach a clinker/grinding capacity of ~13.0/41.9mtpa; while the long-term objective is to achieve a grinding capacity of ~60mtpa.

Unlike other cement companies, which largely derive their revenue/profits from cement, JSWC has a higher concentration of revenue/profits from GGBS as it leverages its group presence in steel manufacturing. We expect GGBS' contribution in profitability to reduce gradually as it already procures ~77% of slag produced by JSW Steel.

Unlike other cement companies, which largely derive their revenue/profits from cement, JSWC has a higher concentration of revenue/profits from GGBS as it leverages its group presence in steel manufacturing. We expect GGBS' contribution in profitability to reduce gradually as it already procures ~77% of slag produced by JSW Steel. We estimate GGBS contribution to the revenues to be at ~35%/32%/31% in FY26/27/28E vs. ~34% in FY25, while its contribution in EBITDA should be at ~63%/56%/52% in FY26/27/28E vs. ~61%/76% in FY24/FY25 (as per our calculations).

JSWC's cost of limestone in the North region is estimated to be ~INR210/t+ higher than the peers in the region, as it has acquired mines through e-auction, and hence, it will remain at a disadvantageous position. However, the state incentives (75% of state tax due and deposited for a period of seven years from the date of commencement of commercial production with an annual ceiling of INR500m for Years 1-3 and INR650m for Years 4-7) will offset this in the medium term. We estimate incentives for the North plant at INR273/INR140 in FY27/FY28.

We estimate a revenue/EBITDA CAGR of ~19%/31% over FY25-28, driven by higher sales volume and pricing improvement. EBITDA/t is estimated to be INR920/INR964/INR993 in FY26/FY27/FY28 vs. INR699 in FY25 (CAGR of ~12% over FY25-28). We expect JSWC to return to profits in FY26 and estimate a profit of ~INR3b in FY26E (vs. a pre-CCPS loss of INR554m in FY25). RoIC should be at 8.3% in FY28E vs. 5.7% in FY25.

Despite improvement in profits and fundraising, we expect debt to remain elevated, driven by higher capex of INR56b over FY25-28E. Net debt is estimated to be INR45.2b/INR55.1b/INR57.5b in FY26/27/28E vs. INR40.7b (ex-CCPS) in FY25. Net debt/EBITDA is estimated to remain elevated at 3.6x/3.4x/3x in FY26/27/28E vs. 3.2x/4.7x in FY24/25.

At CMP, JSWC trades at 16.0x/13.6x FY27/28E EV/EBITDA and USD107/94 FY27/28E EV/t (adjusted EV/t at USD122/120 for FY27/28E, considering surplus grinding units). TRCL and DALBHARA, which operate in similar markets, trade at 14.0x and 11.4x FY27E EV/EBITDA, respectively. Considering the aggressive expansion plans of JSWC and earnings stability due to its exposure in GGBS, we value it at a higher multiple of 15x Sep'27E EV/EBITDA to arrive at our TP of INR163. **We initiate coverage on JSWC with a Neutral rating.**

Risks and concerns

- **Availability and cost of key raw materials:** Limestone is sourced from its captive mines, while slag and fly ash come from external suppliers (including JSW Steel plants), which are used for cement production. Any disruption in these supply arrangements—due to operational issues, policy changes, or disputes—can severely impact production capacity. Price volatility in raw materials, especially coal and gypsum, could erode margins.
- **Energy dependence and fuel price volatility:** Cement production is energy-intensive, depending heavily on coal, pet coke, and electricity. Global commodity market fluctuations, domestic coal shortages, or changes in government allocation policies can lead to cost spikes. The company's cost structure is sensitive to fuel prices, and prolonged high energy costs could compress profitability despite efficiency measures.
- **High industry competition and pricing pressure:** The Indian cement sector is highly competitive, with both national and regional players engaging in aggressive pricing and promotional activity. Overcapacity in some regions increases price pressure, limiting the ability to pass on cost increases to customers. Competitive intensity can result in market share loss or reduced profitability.
- **Demand cyclical and economic sensitivity:** Cement demand is directly linked to the construction and infrastructure sectors, which are cyclical and dependent on economic conditions, monsoons, interest rates, and government spending. Economic slowdowns or delays in infrastructure projects can lead to reduced volumes and lower plant utilization.
- **Regulatory and environmental compliance risks:** Its operations are subject to strict environmental norms (emissions, dust suppression, and waste disposal). Any tightening of emission standards or delays in environmental clearances for expansions could halt or delay production. Non-compliance can result in fines, production stoppages, and reputational damage. As sustainability expectations rise, significant capex might be required to transition to alternative fuels or carbon-reduction technologies.

Company overview

JSWC is part of the JSW group, a diversified conglomerate with businesses across various sectors such as steel, energy, maritime, infrastructure, defense, business-to-business e-commerce, realty, paints, sports, and venture capital. JSWC was incorporated in FY06 and commissioned its first manufacturing unit in Vijayanagar, Karnataka, in FY09 with an installed grinding capacity of 0.59mtpa. JSWC, with an installed grinding capacity of 20.6mtpa (including capacities used for GGBS manufacturing, as both cement and slag grinding capacities are fungible), is among the Top 10 cement manufacturing groups in India in terms of grinding capacities. However, in terms of clinker capacities (including 2.3mtpa in Fujairah under a JV arrangement), it ranks in 12th place.

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Its clinker capacities are based in the South (Andhra Pradesh), East (Odisha), and Fujairah (UAE). About 53% of its grinding capacities (both cement and slag grinding capacities are fungible) are in the South, while ~25%/22% of capacities are in the East/West regions. Its Fujairah clinker plant supports domestic operations by supplying clinker to the Dolvi grinding unit in Western India and also caters to third-party customers. The East units support the clinker requirements of the Salboni (West Bengal) and Jajpur (Odisha) plants as of now (in our opinion), while the unit in Andhra Pradesh caters to the requirements of South-based grinding units.

JSWC is India's largest manufacturer of GGBS with a market share of 84% in FY25. Over FY19-25, its GGBS sales volume recorded a CAGR of ~12%. Out of its sales volumes in FY25, ~56% was cement, ~41% was GGBS, while ~3% was clinker.

As of Mar'25, JSW Cement's distribution network comprised 4,653 dealers, 8,844 sub-dealers, and 158 warehouses across its key markets. Its trade volume of cement was 52.9% in FY25 vs. the average of 62.3% over FY22-24.

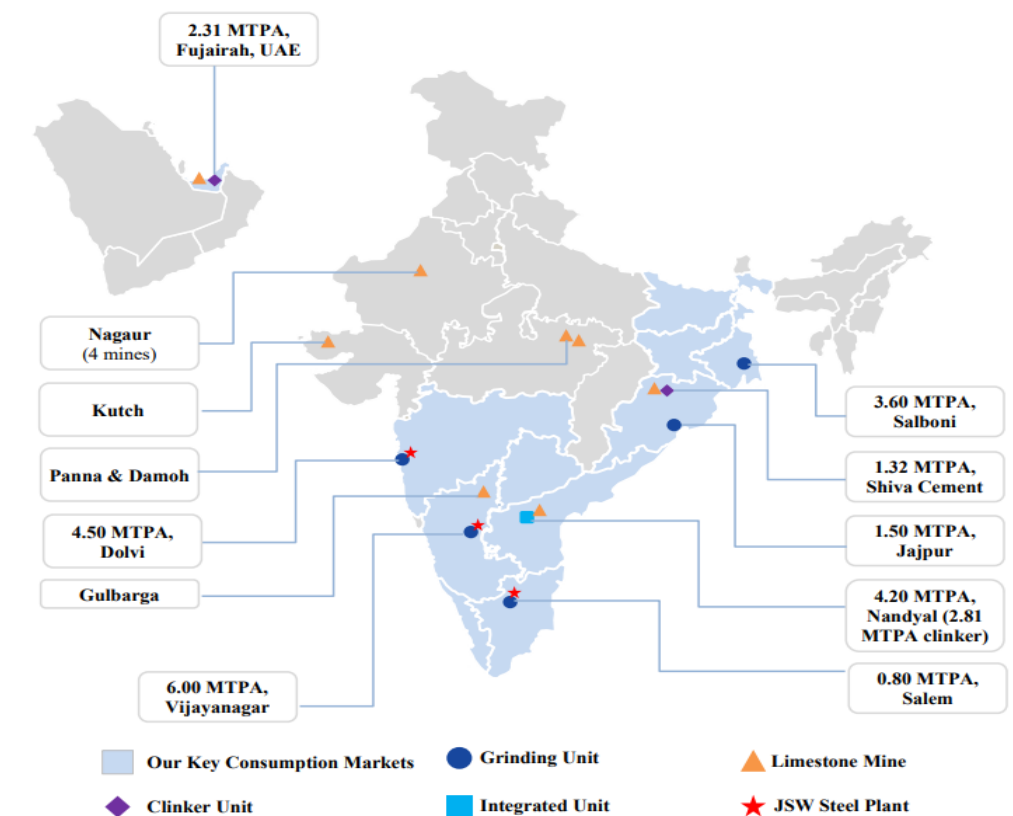
JSWC offers a diverse product portfolio, including blended cements like Portland slag cement (PSC), Portland Pozzolana cement (PPC), and ordinary Portland cement (OPC), along with eco-friendly GGBS. It also provides allied products such as ready-mix concrete (RMC), screened slag, construction chemicals, waterproofing compounds, and Portland composite cement (PCC), catering to a wide range of construction needs with a focus on quality and sustainability. The company continues to optimize its product range by introducing new and premium offerings. In FY18, the company launched a premium product – Portland slag cement – Concreel HD.

Exhibit 46: JSWC's product offerings in cement and GGBS



Source: MOFSL, Company

Exhibit 47: JSWC's geographical footprint and key input material source locations



Source: MOFSL, Company

Exhibit 48: JSWC's captive power plant details

Plant Location	Thermal CPP	WHRS	Solar
Nandyal	18.0	12.3	15.5
Vijayanagar	-	-	8.0
Salboni	18.0	-	3.5
Shiva Cement	-	8.9	-
Total	36.0	21.2	26.9

Source: MOFSL, Company

Key management personnel



Mr. Seshagiri Rao Venkata Satya Metlapalli, Chairman and Non-Executive Director

Mr. Rao holds a bachelor's degree in commerce from Nagarjuna University and a diploma in business finance from the Institute of Chartered Financial Analysts of India. He is enrolled with the Institute of Company Secretaries of India and is a member of the Indian Institute of Bankers. He was previously associated with JSW Steel in various capacities, including as a joint managing director and CFO for ~26 years. He is currently associated with JW Holding Limited as the Group CFO.



Mr. Parth Jindal, Managing Director

Mr. Jindal holds a bachelor's degree in arts (economics and political science) from Brown University and a master's degree in business administration from Harvard University. He is the founder of JSW Sports Private Limited and is also associated with JSW Paints as its Managing Director. He was previously associated with JFE Steel and JSW Steel Limited. He has been associated with the Company since 20th Jun '16. He is primarily responsible for the overall business management of the Company and has over 14 years of experience in the areas of management and finance.



Mr. Nilesh Narwekar, Wholetime Director and CEO

Mr. Narwekar holds a bachelor's degree in technology (electronics and communications engineering) from the University of Calicut and a master's degree in management studies from the Jamnalal Bajaj Institute of Management Studies. He was previously associated with PricewaterhouseCoopers Private Limited as a partner in the advisory line of services. He has been associated with the Company since Jul '17. He is primarily responsible for the overall business management of the Company. He has over 24 years of experience in various advisory roles.



Mr. Narinder Singh Kahlon, Director – Finance and Commercial, and CFO

Mr. Kahlon holds a bachelor's degree in commerce from Punjab University. He has also passed the final examination held by the ICAI. He was previously associated with Karam Chand Thapar & Bros (Coal Sale) Limited, Bhushan Limited, Haldia Petrochemicals Limited, JSW Bengal Steel Limited, and South West Port Limited. He has been associated with the JSW group since Dec'07 and has been associated with the Company since Jun'14. He has over 26 years of experience in financial accounting, auditing, central excise and customs and sales tax laws.



Mr. Hitendra R. Jariwala, Chief Marketing Officer

He has been associated with the Company since Dec'11 and was appointed as the chief marketing officer of the Company in Oct'24. He holds a bachelor's degree in science from Osmania University and a master's degree in business administration from the University of Poona. He has over 35 years of experience in the field of sales and marketing. He was previously associated with Ultratech Cement, India Cements, Madras Cements, Chettinad Cement, and Orient Cement.

ESG initiatives



JSW Cement's ESG framework integrates sustainable manufacturing practices, community development initiatives, and robust corporate governance, with a focus on reducing environmental impact, improving social welfare in surrounding communities, and maintaining high standards of transparency and compliance.

Environmental initiatives

- The company aims to reduce net CO₂ emission intensity by ~15% from FY21 levels by FY26, targeting 223 CO₂ kg/t of cementitious material. It plans to increase solar power usage, install WHRS across all kilns, and align with global initiatives such as the UN Energy Compact, GCCA's net zero roadmap, and the Global Framework Principles for Decarbonizing Heavy Industry. It currently has the lowest Net CO₂ emission kg/t of cementitious material and is ~54% lower than the sector average.
- In FY23, FY24, and FY25, its emission intensity was 206kg, 270kg, and 258kg per ton of cementitious material, respectively, about 51-62% lower than the industry peer average and ~54% lower than top global cement companies (according to JSWC's RHP). This is primarily due to JSWC's sustainable manufacturing processes aligned with a circular economy approach, which extensively uses industrial by-products like blast furnace slag, fly ash, and chemical gypsum as raw materials. JSWC utilized industrial waste at rates of 75.0%, 64.9%, and 64.4% in FY23, FY24, and FY25, respectively, contributing significantly to its low carbon footprint.
- The company produces green cementitious products (PSC, PCC and GGBS), which accounted for ~77%/81%/82% of total sales volumes in FY25/FY24/FY23 (according to JSWC's RHP). All products (except OPC) hold Green-Pro and GRIHA certifications, and EPDs have been published for GGBS and RMC under the International EPD system.
- To reduce dependence on coal and petcoke, the company co-processes industrial waste such as carbon black, pharmaceutical solvents, RDF, multilayer plastic waste, and biomass like rice husk as alternate fuels. This resulted in a thermal substitution rate of ~16%/7%/8% in FY25/FY24/FY23, respectively.
- Green power consumption as a percentage of total power consumption stood at ~21%/15%/4% in FY25/FY24/FY23, indicating steady progress in integrating renewable energy into the company's power mix.

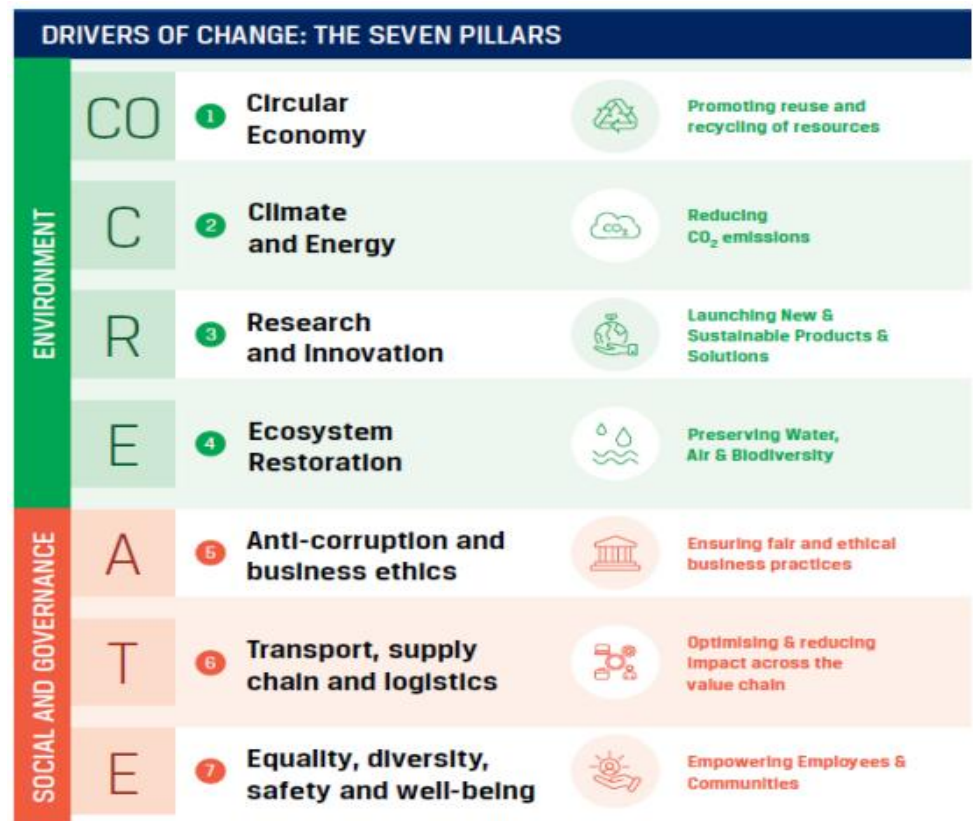
Social initiatives

- Operates mobile health units covering villages in Nandyal, Salboni, Sundargarh, and Jajpur; facilitated the construction of primary health centers in coordination with local authorities.
- Operates and supports schools in Andhra Pradesh and West Bengal; provides scholarships, particularly for girls in engineering and technical fields.
- Conducts skill development programs in masonry, electrical, and mechanical trades for youth annually.
- Promotes women's self-help groups engaged in tailoring and food processing.

Governance initiatives

- The Board of Directors consists of a mix of executive, non-executive, and independent directors. Out of the total 14 directors, 7 are independent.
- The company has adopted the JSW Group's Anti-Bribery & Anti-Corruption Policy, Code of Conduct, and Whistle-Blower Policy, applicable to all employees and contractors. These policies establish clear ethical guidelines, prohibit corrupt practices, and provide mechanisms for confidential reporting of any violations.
- A Board-level risk management committee is in place. This committee reviews operational, financial, and climate-related risks quarterly, ensuring that material risks are identified, monitored, and mitigated.
- An ERP-based compliance management tool is used to track adherence to statutory and regulatory requirements across operations.

Exhibit 49: JSWC's "CO-CREATE" framework for ESG/sustainability development



Source: JSWC RHP, MOFSL, Company

Bull and Bear cases



Bull case

- ✓ In this scenario, we have taken higher sales volume of GGBS (15% CAGR over FY25-28E) and cement (~21% CAGR over FY21-28). Higher volume growth may lead to better operating efficiency and thus, better profitability.
- ✓ We have assumed higher EBITDA/t of INR952/INR1,055/INR1,106 in FY26/27/28E vs. INR699 in FY25. We estimate a Revenue/EBITDA CAGR of ~24%/38% over FY25-28 in this scenario, and net debt should be INR54b in FY28 with net debt/EBITDA of 2.4x.
- ✓ In our bull case assumption, we value the company at 16x Sep '27E EV/EBITDA to arrive at a target price of INR200.



Bear case

- ✓ In this scenario, we have estimated lower capacity utilization for North plants and an overall volume CAGR of ~14% over FY25-28 for the company. This translates into a volume CAGR of ~8% for GGBS and ~18% for cement.
- ✓ We have assumed EBITDA/t of INR891/INR937/INR958 for FY26/27/28E vs. INR699 in FY25, considering lower sales volume and initially lower profits for the North plant. Its revenue/EBITDA CAGR should be at ~17%/26% over FY25-28E.
- ✓ We estimate net debt at INR59.7b in FY28E with net debt/EBITDA of 3.4x in the bear case scenario and value the company at 14x Sep '27E EV/EBITDA to arrive at a target price of INR120.

Scenario analysis – Bull case

	FY25	FY26E	FY27E	FY28E
Revenue (INR b)	58.1	81.8	95.6	111.8
Growth (%)	(3.6)	40.7	16.9	16.9
EBITDA (INR b)	8.6	13.5	18.5	22.6
YoY growth (%)	(20.1)	57.9	36.3	22.5
EBITDA/t (INR)	699	952	1,055	1,106
Adj. PAT (INR b)	(0.6)	3.8	5.7	7.4
EPS (INR)	(0.6)	2.8	4.2	5.4
EV/EBITDA (x)			16	16
Target price (INR)- Sep'27E				200
Upside/ (downside) (%)				33.3

Source: Company, MOFSL

Scenario analysis – Bear case

	FY25	FY26E	FY27E	FY28E
Revenue (INR b)	58.1	66.8	80.0	93.6
Growth (%)	(3.6)	15.0	19.7	16.9
EBITDA (INR m)	8.6	11.9	14.7	17.3
YoY growth (%)	(20.1)	38.4	24.1	17.6
EBITDA/t (INR)	699	891	937	958
PAT (INR m)	(0.6)	2.5	2.9	3.5
EPS (INR)	(0.6)	1.8	2.1	2.5
EV/EBITDA (x)			14	14
Target price (INR)- Sep'27E				120
Upside/ (downside) (%)				(20.0)

Source: Company, MOFSL

SWOT analysis

- ❖ JSW Group provides financial strength, brand credibility, and strategic sourcing advantages.
- ❖ Captive limestone reserves and long-term supply arrangements for slag and fly ash help to secure critical inputs.
- ❖ Group synergy helps to procure slag and manufacture GGBS. Profitability of GGBS is higher than cement.

S

STRENGTH



- ❖ Reliance on JSW Steel for slag supply and shared infrastructure creates operational dependency risks.
- ❖ A large share of volumes originates from the South and East markets, exposing the company to regional demand and pricing fluctuations.

W

WEAKNESS



- ❖ Govt. infrastructure push and private construction recovery can drive volume growth.
- ❖ Entry into new regions will help to diversify markets and increase the scale of operations.
- ❖ Growing demand for eco-friendly, low-carbon cement products offers scope to strengthen premium positioning.

O

OPPORTUNITY



- ❖ National and regional players engage in aggressive pricing, potentially eroding margins.
- ❖ Stricter emission norms or delays in obtaining environmental clearances could halt or delay operations/expansions.

T

THREATS



Financials and valuations

Income Statement						(INR Million)		
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	38,582	46,686	58,367	60,281	58,131	68,195	84,110	98,262
Change (%)	31.8	21.0	25.0	3.3	-3.6	17.3	23.3	16.8
EBITDA	8,187	7,569	8,168	10,742	8,582	12,719	16,205	19,197
Change (%)	36.0	-7.5	7.9	31.5	-20.1	48.2	27.4	18.5
Margin (%)	21.2	16.2	14.0	17.8	14.8	18.7	19.3	19.5
Depreciation	1,787	2,385	3,732	2,783	3,103	3,345	4,940	6,140
EBIT	6,401	5,185	4,436	7,959	5,478	9,374	11,265	13,058
Int. and Finance Charges	2,907	3,154	4,456	5,760	5,946	4,867	5,673	6,374
Other Income - Rec.	655	1,949	1,455	865	1,016	1,097	1,185	1,280
PBT bef. EO Exp.	4,149	3,980	1,435	3,064	548	5,604	6,777	7,964
Share of loss/(profit) from JV	0	13	187	820	985	1,004	1,025	1,045
Gains from subsidiary interest	0	0	0	0	0	0	0	0
PBT after EO Exp.	4,149	3,967	1,249	2,244	-436	4,600	5,752	6,919
Tax	1,296	1,641	208	1,623	1,201	1,457	1,762	2,071
Tax Rate (%)	31	41	17	72	-275	31.7	30.6	29.9
EO loss/(profits)	354	-	-	-	-	-	-	-
Reported PAT	2,499	2,327	1,041	620	-1,638	3,143	3,990	4,848
PAT Adj for EO items	2,742	2,327	1,041	620	-1,638	3,143	3,990	4,848
Change (%)	77.7	-15.1	-55.3	-40.4	n/m	n/m	27.0	21.5
Margin (%)	7.1	5.0	1.8	1.0	-2.8	4.6	4.7	4.9
Add: CCPS adjustments	-	8	1,354	1,413	1,444	0	0	0
Ad. PAT pre-CCPS adjustments	2,742	2,332	2,056	1,680	-554	3,143	3,990	4,848

Balance Sheet						(INR Million)		
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	9,864	9,864	9,864	9,864	9,864	13,634	13,634	13,634
Total Reserves	8,391	11,443	13,057	14,783	13,662	47,894	52,858	58,356
Net Worth	18,255	21,307	22,921	24,647	23,526	61,527	66,491	71,990
Deferred Liabilities	1,187	1,734	1,828	2,777	3,329	3,329	3,329	3,329
Minority Interest	(70)	(186)	(514)	(792)	198	(324)	(871)	(1,446)
Total Loans (includes CCPS)	27,840	46,221	54,215	58,358	61,666	47,666	57,666	60,666
Capital Employed	47,212	69,075	78,451	84,990	88,718	1,12,198	1,26,615	1,34,538
Gross Block	43,261	46,565	51,829	67,851	75,791	79,791	1,17,791	1,27,791
Less: Accum. Deprn.	5,442	7,468	9,971	12,372	14,159	17,504	22,443	28,583
Net Fixed Assets	37,820	39,097	41,858	55,478	61,632	62,287	95,348	99,208
Capital WIP	2,942	8,762	15,907	7,700	10,376	32,376	12,376	14,376
Right to use assets	2,122	4,299	2,257	4,237	4,045	4,045	4,045	4,045
Total Investments	3,539	4,836	7,142	4,323	2,659	2,659	2,659	2,659
Goodwill	2,303	2,332	2,332	2,169	2,169	2,169	2,169	2,169
Curr. Assets, Loans & Adv.	20,710	32,880	31,863	38,253	37,930	40,767	48,725	58,429
Investments	-	-	-	3,268	795	795	795	795
Inventory	3,493	4,602	4,485	4,753	4,285	4,571	5,511	6,599
Account Receivables	6,194	7,663	7,108	7,828	7,818	8,341	10,056	12,041
Cash and Bank Balance	1,354	5,549	550	3,160	1,235	1,672	1,754	2,343
Loans and Advances	990	903	2,382	2,279	2,971	3,169	3,821	4,575
Other assets	8,680	14,162	17,338	16,965	20,826	22,218	26,787	32,075
Curr. Liability & Prov.	22,223	23,131	22,908	27,171	30,093	32,105	38,707	46,348
Sundry Creditors	9,136	10,828	10,841	12,222	12,376	13,203	15,918	19,061
Other liabilities	12,591	11,406	11,212	14,066	16,757	17,877	21,554	25,809
Provisions	497	897	855	882	960	1,024	1,235	1,479
Net Current Assets	(1,513)	9,748	8,955	11,082	7,837	8,662	10,018	12,081
Total Assets	47,212	69,075	78,451	84,990	88,718	1,12,198	1,26,615	1,34,538

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
Adj. fully diluted EPS	2.8	2.4	2.1	1.7	-0.6	2.3	2.9	3.6
Cash EPS	4.6	4.8	5.9	4.5	2.6	4.8	6.5	8.1
BV/Share	18.5	21.6	23.2	25.0	23.9	45.1	48.8	52.8
DPS	-	-	-	-	-	0.2	0.4	0.7
Payout (%)	-	-	-	-	-	10.0	15.0	20.0
Valuation (x)								
P/E	54.0	63.4	72.0	88.1	Loss	65.1	51.2	42.2
Cash P/E	252.3	242.2	197.4	256.0	58.0	31.5	22.9	18.6
P/BV	8.1	6.9	6.5	6.0	6.3	3.3	3.1	2.8
EV/Sales	6.0	4.9	4.1	4.0	4.2	3.7	3.1	2.7
EV/EBITDA	28.2	30.4	29.6	22.2	28.6	19.6	16.0	13.6
EV/Ton (USD)	190	182	171	133	137	133	107	94
EV/Ton (USD)- adj. capacity	374	273	242	179	158	151	122	120
Dividend Yield (%)	-	-	-	-	-	0.2	0.3	0.5
FCF per share	1.8	(7.3)	(9.9)	4.8	(4.2)	(11.3)	(3.7)	2.6
Return Ratios (%)								
RoIC	13.2	6.8	7.1	3.5	5.7	8.5	8.4	8.1
RoE	16.4	11.8	9.3	7.1	-2.3	7.4	6.2	7.0
RoCE	11.2	7.4	6.8	3.0	5.7	7.4	7.4	7.8
Working Capital Ratios								
Asset Turnover (x)	0.8	0.7	0.7	0.7	0.7	0.6	0.7	0.7
Inventory (Days)	33	36	28	29	27	24	24	25
Debtor (Days)	59	60	44	47	49	45	44	45
Creditor (Days)	86	85	68	74	78	71	69	71
Working Capital (Days)	-27	33	53	48	41	37	36	36
Leverage Ratio (x)								
Current Ratio	0.9	1.4	1.4	1.4	1.3	1.3	1.3	1.3
Interest Cover Ratio	2.2	1.6	1.0	1.4	0.9	1.9	2.0	2.0
Debt/Equity	1.5	2.2	2.4	2.4	2.6	0.8	0.9	0.8

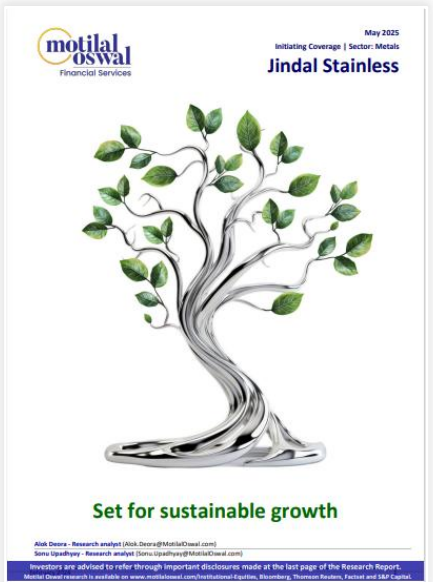
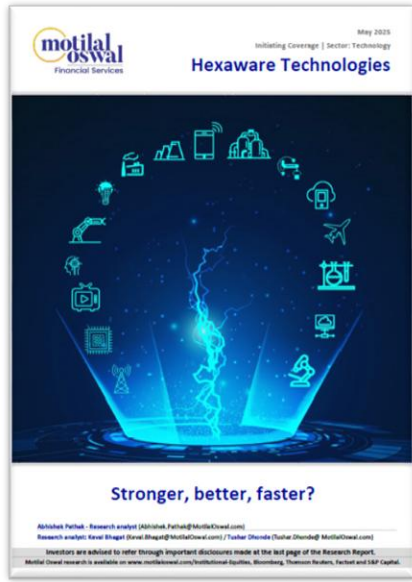
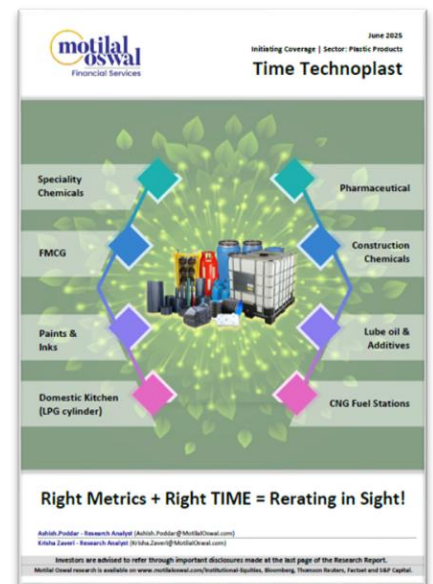
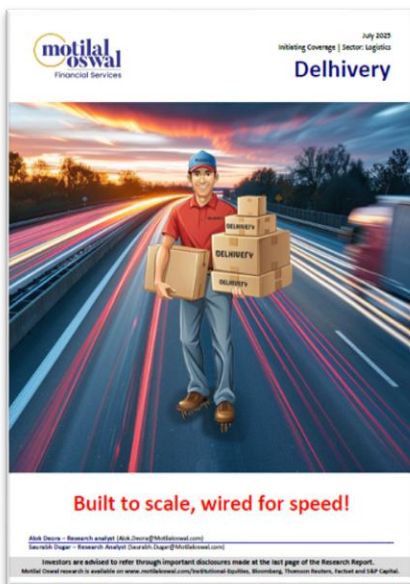
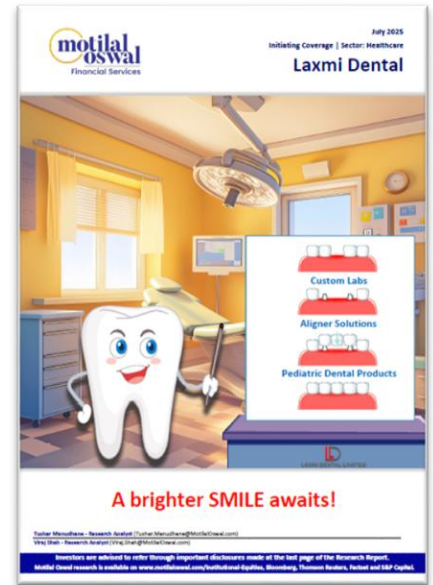
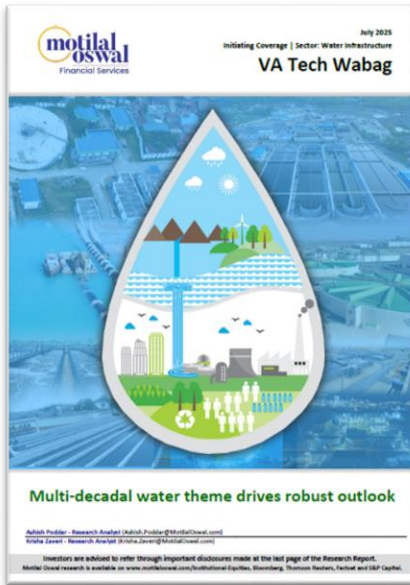
Cash Flow Statement

(INR Million)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PBT	3,795	3,967	1,248	2,244	(436)	4,600	5,752	6,919
Depreciation	1,787	2,385	3,732	2,783	3,103	3,345	4,940	6,140
Interest & Finance Charges	2,822	3,146	3,102	4,347	4,501	4,867	5,673	6,374
Direct Taxes Paid	(567)	(691)	(1,071)	(1,057)	(311)	(1,457)	(1,762)	(2,071)
(Inc)/Dec in WC	181	(3,686)	(1,271)	2,992	(1,603)	(388)	(1,274)	(1,474)
Others	167	(1,731)	791	2,769	2,112	(335)	(315)	(295)
CF from Operations	8,184	3,390	6,532	14,077	7,367	10,631	13,014	15,592
EO items	-	-	-	-	-	-	-	-
CF from Operating incl EO	8,184	3,390	6,532	14,077	7,367	10,631	13,014	15,592
(Inc)/Dec in FA	(6,449)	(10,545)	(16,337)	(9,322)	(11,517)	(26,000)	(18,000)	(12,000)
Free Cash Flow	1,735	(7,155)	(9,806)	4,755	(4,150)	(15,369)	(4,986)	3,592
(Pur)/Sale of Investments	(1,051)	(67)	(6,337)	-	3,310	-	-	-
Others	482	(4,685)	4,745	(1,876)	2,626	1,340	1,340	1,340
CF from Investments	(7,019)	(15,297)	(17,929)	(11,198)	(5,580)	(24,660)	(16,660)	(10,660)
Issue of Shares	-	16,000	-	-	795	33,647	-	-
Inc/(Dec) in Debt	2,325	(468)	13,603	2,615	1,950	(14,000)	10,000	3,000
Interest Paid	(2,863)	(2,728)	(2,922)	(4,502)	(4,656)	(4,867)	(5,673)	(6,374)
Dividend Paid	-	-	-	-	-	(314)	(599)	(970)
Others	(415)	(205)	(271)	(321)	(407)	-	-	-
CF from Fin. Activity	(953)	12,599	10,410	(2,209)	(2,318)	14,466	3,728	(4,343)
Inc/Dec of Cash	212	692	(988)	670	(531)	437	82	589
Opening Balance (inc. Bank bal.)	1,142	4,858	1,538	2,490	1,766	1,235	1,672	1,754
Closing Balance	1,354	5,549	550	3,160	1,235	1,672	1,754	2,343

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