

Company Overview

Incorporated in 2006, JSW Cement Ltd. is among the top-three fastest-growing cement manufacturing companies in India in terms of increase in installed grinding capacity and sales volume. It is part of the JSW Group, a multinational conglomerate with a diversified portfolio spanning various sectors. JSW began operations in 2009 in South India with a single grinding unit at Vijayanagar, Karnataka. Since then, the company has significantly expanded its presence across the southern, western, and eastern regions of India, as well as the UAE. It is currently undertaking greenfield and brownfield expansion projects in northern and central India to increase its Installed Grinding Capacity to 41.85 MMTA and Installed Clinker Capacity to 13.04 MMTA, and establish a pan-India presence. The company offers a wide product portfolio, including blended cements (PSC and PCC), ground granulated blast furnace slag (GGBS), Ordinary Portland Cement (OPC), clinker, and various cementitious products such as ready-mix concrete (RMC), screened slag, construction chemicals, and waterproofing compounds. JSW Cement is also India's largest manufacturer of GGBS, with a market share of 84% in terms of GGBS sales. This eco-friendly product is made entirely from blast furnace slag, a by-product of the steel manufacturing process. The company operates seven units across India, including one integrated unit, one clinker unit, and five grinding units located in Andhra Pradesh, Karnataka, Tamil Nadu, Maharashtra, West Bengal, and Odisha. To ensure a consistent supply of limestone, which is a key raw material for cement production, it has the right to mine across 11 limestone mines in India, with an aggregate limestone residual reserve of 1,089.09 million metric tonnes. JSW has a robust distribution network comprising 4,653 dealers, 8,844 sub-dealers and 158 warehouses, which cater to the retail (trade) segment. The company also has 6,559 direct customers in its non-trade channel, comprising builders and institutional customers involved in housing, infrastructure and commercial projects in India. The strength of the JSW brand supports the strength of its sales and distribution network.

Objects of the issue

The net proceeds of the fresh issue are proposed to be utilised in the following manner:

- ⇒ Part financing the cost of establishing a new integrated cement unit at Nagaur, Rajasthan;
- ⇒ Prepayment or repayment, in full or in part, of all or a portion of certain outstanding borrowings availed by the company; and
- ⇒ General corporate purposes.

Investment Rationale

Market leadership and strategic partnerships support long-term growth in GGBS segment

JSW Cement is India's largest manufacturer of GGBS, holding a market share of ~84% in terms of GGBS sales. GGBS is produced entirely from blast furnace slag, a by-product of the steel manufacturing process. The company is well-positioned to meet the growing demand for GGBS, supported by a large, reliable and long-term supply of blast furnace slag from its subsidiary, JSW Steel and others. To ensure a consistent supply, JSW Cement has signed long-term agreements with JSW Steel Limited, its two subsidiaries, and a major steel producer in East India, which range from three to five years and are extendable by mutual consent. Under the terms of the agreements with JSW Steel and its subsidiaries, slag is supplied at a fixed rate, subject to annual revisions based on the wholesale price index and export price parity. This pricing structure provides cost stability in the procurement of blast furnace slag across JSW Cement's plants. JSW's GGBS is widely used in infrastructure projects, including highways, bridges, airports, metros, railways, and housing developments. The company's brownfield and greenfield expansion plans will enable it to increase its GGBS manufacturing volumes to meet future demands. JSW has also been engaging in R&D for new applications of GGBS, such as the recently launched microfine GGBS range for use in high-strength and performance concrete, among other uses. Such factors give the company a unique competitive advantage to expand its GGBS market share in India further.

Extensive distribution network and brand initiatives strengthen market presence

JSW Cement has an extensive sales and distribution network comprising dealers, sub-dealers, and warehouses across its operational markets to cater to retail demand for cement and allied cementitious products. To drive demand in the trade segment, the company launched an influencer loyalty program in FY22, targeting masons, contractors, and architects, who play a key role in the construction process and significantly influence product selection by end-users. Under this program, influencers earn loyalty points for recommending JSW products, which can be redeemed for various benefits

Issue Details

Offer Period	07 th August 2025 - 11 th August 2025
Price Band	Rs. 139 to Rs. 147
Bid Lot	102
Listing	BSE & NSE
Issue Size (no. of shares in mn)	245
Issue Size (Rs. in bn)	36
Face Value (Rs.)	10

Issue Structure

QIB	50%
NIB	15%
Retail	35%

BRLM	JM Financial Ltd., Axis Capital Ltd., Citigroup Global Markets India Pvt. Ltd., DAM Capital Advisors Ltd., Goldman Sachs (India) Securities Pvt Ltd, Jefferies India Pvt. Ltd., Kotak Mahindra Capital Company Ltd., SBI Capital Markets Ltd.
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Registrar	KFin Technologies Ltd.
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Particulars	Pre Issue %	Post Issue %
Promoters and promoter group	78.6	72.3
Public	21.4	27.7
Total	100.0	100.0

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

JSW Cement Limited

and incentives. As of March 31, 2025, the company had an in-house sales force of 269 officers who regularly interact with dealers and sub-dealers and coordinate inventory at warehouses. The strategic location of the company's plants positions it well to serve specific markets within each region, allowing JSW to minimise delivery times, improve customer service levels and reduce transportation distances and costs. The company also benchmarks its selling price and quality against leading players in the region. In order to maintain and boost brand strength, JSW has undertaken regional marketing and brand-building initiatives, including regional advertisements in local languages, outdoor marketing such as billboards, and point-of-sale promotional materials at dealer counters. These efforts are further supported by digital marketing campaigns on social media and partnerships with sporting event leagues, such as the Indian Kabaddi, football, and cricket leagues.

Valuation

JSW Cement Ltd. is a cement manufacturing company focused on manufacturing green cementitious products comprising blended cement (PSC), PPC, and GGBS. The company also manufactures OPC, clinker, and a range of allied cementitious products such as RMC, screened slag, construction chemicals and waterproofing compounds. JSW is the fastest-growing cement manufacturer in India in terms of growth in installed grinding capacity and sales volume. It is also the country's largest manufacturer of GGBS. The company has long-term supply agreements with JSW Steel Limited and other partners, ensuring a steady supply of blast furnace slag for three to five years. Demand for GGBS is expected to grow at a CAGR of 14-15% from FY25 to FY30. Demand for cement from the company's end-user sectors, like industrial and commercial buildings, rural housing, urban housing, and infrastructure, is expected to grow at a CAGR of 7.5-8.5% during the same period. JSW's plants are strategically located across the southern, western, and eastern regions of India and are well-connected to their respective raw material sources and key consumption markets by road and/or rail, supporting efficient raw material sourcing and cost optimization. The company also benefits from strong sales and distribution network and a broad base of direct customers in India, enabling it to effectively serve both trade and non-trade segments. As part of the JSW Group, the company leverages synergies from the well-established "JSW" brand and the scale of the Group's operations. Financially, the company's EBITDA grew at a CAGR of 2.3% from FY23 to FY25, despite a marginal decline in revenue from Rs. 58,367.2 million in FY23 to Rs. 58,130.7 million in FY25, and its ROCE stood at 6.46%, 11.01% and 7.05% in FY23, FY24 and FY25, respectively. The company recently made a loss just in FY25, but the management expects to achieve breakeven in FY26 and return to profitability thereafter. Further, the company intends to use the amount raised from the IPO to set up a new integrated cement unit at Nagaur, Rajasthan, giving visibility for future revenue. **Considering the company's growth strategy and favourable industry dynamics, we recommend a "SUBSCRIBE" rating for this issue from a medium to long-term perspective.**

Key Risks

- ⇒ The cement industry is power-intensive, and the company requires an adequate and uninterrupted supply of power and fuel for its operations. Any failure to secure such supply, or any increase in power and fuel costs, may adversely impact on its operations, profitability and margins.
- ⇒ The capacity utilization of the company's plants is influenced by various factors, including the availability of raw materials, customer demand, inventory management and execution of growth strategy aimed at improving operational efficiency, and overall industry and market conditions. Failure to maintain or increase utilization levels could materially and adversely affect the company's business, future prospects, and financial performance.
- ⇒ The company is entitled to certain incentives and subsidies under several government schemes. Any changes in these incentives and subsidies applicable may affect its financial condition, profitability and cash flow.

JSW Cement Limited

Income Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Revenue			
Revenue from Operations	58,367	60,281	58,131
Total revenue	58,367	60,281	58,131
Expenses			
Cost of raw material consumed	11,244	13,089	14,523
Purchases of stock in trade	4,500	227	374
Changes in inventories of finished goods and work-in-progress	-74	-138	-68
Employee benefits expense	2,946	2,994	3,695
Power and fuel	10,324	9,903	8,469
Freight and handling expenses	14,147	14,371	13,960
Fair value loss arising from financial instruments designated as FVTPL (net)	1,354	1,413	1,444
Expected credit loss on incentives under government schemes (refer note 3B(iv))	0	548	56
Other expenses	7,152	8,602	8,776
Less: Captive consumption of cement	39	58	235
Total operating expenses	51,552	50,952	50,993
EBITDA	6,815	9,329	7,137
Depreciation and amortisation expenses	3,732	2,783	3,103
EBIT	3,083	6,546	4,034
Finance costs	3,102	4,347	4,501
Other Income	1,455	865	1,016
PBT & share of profit/loss	1,435	3,064	548
Share of loss from joint ventures and associate (net)	-187	-820	-985
PBT	1,248	2,244	-436
Tax expenses			
Current tax (including prior years)	531	767	556
Deferred tax	-323	857	645
Total tax	208	1,623	1,201
Net Profit	1,040	620	-1,638
Diluted EPS	1.4	0.9	-1.6

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Cash Flow from operating activities	6,532	14,077	7,367
Cash flow from investing activities	-17,929	-11,198	-5,580
Cash flow from financing activities	10,410	-2,209	-2,318
Net increase/(decrease) in cash and cash equivalents	-988	670	-531
Cash and cash equivalents at the beginning of the period	1,648	511	1,182
Cash and cash equivalents at the end of the period	511	1,182	650

Source: RHP, BP Equities Research

JSW Cement Limited

Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	FY25
ASSETS			
Non-Current Assets			
Property, plant and equipment	34,933	48,702	54,381
Capital work-in-progress	15,754	7,392	10,247
Right of use assets	2,257	4,237	4,045
Goodwill	2,332	2,169	2,169
Intangible assets	6,925	6,776	7,251
Intangible assets under development	153	308	129
Financial assets			
(i) Investment in joint venture and associate	2,938	2,155	1,245
(ii) Investments	4,204	2,168	1,415
(iii) Other financial assets	1,245	4,539	4,520
Deferred tax assets(net)	827	1,029	1,228
Income tax assets (net)	285	576	388
Other non-current assets	6,761	6,632	8,994
Total Non Current assets	78,615	86,683	96,012
Current Assets			
Inventories	4,485	4,753	4,285
Financial assets			
(i) Investments	0	3,268	795
(ii) Trade receivables	7,108	7,828	7,818
(iii) Cash and cash equivalents	511	1,182	650
(iv) Bank balances other than (iii) above	39	1,978	585
(v) Loans	2,382	2,279	2,971
(vi) Other financial assets	4,912	2,117	1,323
Other current assets	4,135	3,100	5,601
Total Current Assets	23,572	26,506	24,028
Total Assets	102,186	113,189	120,039
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9,864	9,864	9,864
Other equity	13,057	14,783	13,662
Equity attributable to owners of the Company	22,921	24,647	23,526
Non controlling interest	-514	-792	198
Total Equity	22,407	23,855	23,724
Liabilities			
Non-Current Liabilities			
Financial liabilities			
(i) Borrowings	46,456	41,569	50,104
(ii) Lease liabilities	1,979	3,777	3,514
(iii) Other financial liabilities	126	107	123
Provisions	853	870	945
Deferred tax liabilities (net)	2,655	3,806	4,557
Total Non-Current Liabilities	52,069	50,128	59,244
Current Liabilities			
Financial liabilities			
(i) Borrowings	7,760	16,789	11,561
(ii) Lease liabilities	217	404	445
(iii) Trade payables	10,841	12,222	12,376
(iv) Other financial liabilities	8,039	8,420	11,256
Provisions	1	12	15
Other current liabilities	851	1,359	1,379
Current tax liabilities (net)	0	0	39
Total Current Liabilities	27,710	39,206	37,072
Total Liabilities	79,779	89,334	96,316
Total Equity and Liabilities	102,186	113,189	120,039

Source: RHP, BP Equities Research

Disclaimer Appendix**Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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