

IPO Note

JSW Cement Limited

Recommendation: **Neutral**

Business – JSW Cement Limited is a leading manufacturer of green cement in India, offering a diversified portfolio that includes ground granulated blast furnace slag (GGBS), Portland Slag Cement (PSC), Ordinary Portland Cement (OPC), and Composite Cement (CC). The company operates across South, West, and East India, supported by strategically located integrated units, grinding facilities, and bulk terminals. Leveraging in-house capabilities, backward integration, and access to industrial by-products from group companies, JSW Cement delivers environmentally sustainable cement solutions tailored to infrastructure, commercial, and housing segments.

Objects of the Issue –

Particulars	Amount (In ₹ Cr)
Part financing the cost of establishing a new integrated cement unit at Nagaur, Rajasthan	800.00
Re-payment or pre-payment of term loans, in full or in part, of certain borrowings	520.00
General corporate purposes	-

Promoters Name – Sajjan Jindal, Parth Jindal, Sangita Jindal, Adarsh Advisory Services Private Limited and Sajjan Jindal Family Trust

Promoter Share Holding Pattern	
Pre Issue	Post Issue
78.61%	72.33%

Rationale for recommendation –

The company is among the top 10 leading mixed cement producers in India with a market share of 3% overall and a market share of 80+ % in GGBS. The company plans to increase the production capacity to around 40 MMTPA over the coming years and tends to increase its market share in the Indian Market with having presence in almost all the parts of India. The company has been growing rapidly and is among the top 3 fastest growing cement industry. Along with these, the concerning factors are (i) The industry is highly competitive with established players already in the market (ii) The business is seasonal (iii) The profitability and profitability margins along with the return ratios have been declining and (iv) The valuation of the company at this point of time is higher than its peers.

With these points in scope, we have a **neutral** view on this IPO.

IPO Details

Opening Date	Aug 07, 2025
Closing Date	Aug 11, 2025
Allotment Date	Aug 12, 2025
Listing Date	Aug 14, 2025
Stock Exchange	BSE, NSE
Lot Size	102 Shares
Issue Price Per Share	₹139 - ₹147
Issue Size	₹3,600.00 Cr.
Fresh Issue	₹1,600.00 Cr.
Offer for Sale	₹2,000.00 Cr.
Application Amt	₹14,994 - ₹1,94,922 (102 – 1,326 shares)

KPIs

(In Crores)

KPI's	FY 23	FY 24	FY 25
Revenue	5,836.72	6,028.10	5,813.07
EBITDA	808.28	937.33	716.85
Net Profit	104.04	62.00	-163.76
RoCE	5.84%	8.91%	4.90%
ROE	4.54%	2.52%	-6.96%
P/E	107.30	163.33	-126.72

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	-1.16	-1.20
BVPS	24.05	29.14
P/E	-126.72	-122.38
P/BV	6.11	5.05
Mkt Cap (In Cr)	18,441.46	20,041.46

Lead Managers –

JM Financial Limited, Axis Capital Limited, Citigroup Global market India Limited, DAM Capital Advisors Limited, Goldman Sachs (India) Securities Private Limited, Jefferies India Private Limited, Kotak Mahindra Capital Company Limited, SBI Capital Markets Limited

Registrar –

KFin Technologies Limited

Industry Overview –

The Indian cement industry has shown robust growth, driven by strong infrastructure investments, housing demand, and increased government spending. Cement, being a core input for construction, benefits directly from policies aimed at building roads, urban infrastructure, rural housing, and industrial development.

Growth Drivers and Trends

- India is the **second-largest cement producer** globally, with ~545 MTPA capacity as of FY24.
- Cement demand in India is expected to grow at a CAGR of ~7-8%** over FY23–FY28, driven by affordable housing, urban infrastructure, and rural road development.
- Key demand segments** include infrastructure (~30%), housing (~65%), and commercial/industrial (~5%).
- Blended cements (PPC, PSC, etc.)** are gaining share due to their lower clinker ratio and environmental benefits.
- Increasing adoption of **green cement**, energy-efficient production methods, and use of alternate fuels and raw materials (AFR) is transforming industry dynamics.

Segment-Specific Innovations and Trends

- Growth in **green and blended cement products** such as GGBS and composite cement supports sustainability goals.
- Bulk cement deliveries** and customized logistics solutions are improving cost efficiency for B2B and institutional buyers.
- Digitalization of operations** and real-time monitoring are improving plant efficiency and emissions tracking.

Government Initiatives Supporting Sector Growth

- PM Awas Yojana (Urban & Rural)** – Significant boost to affordable housing.
- Bharatmala & PM Gati Shakti** – Expansion of highways and infrastructure corridors.
- Smart Cities Mission and AMRUT** – Drive demand in Tier 2/3 urban clusters.
- Focus on decarbonization and ESG compliance** encourages use of green cement and clinker substitutes.
- PLI Scheme and Infrastructure Pipeline** – Create long-term demand for cement through industrial and logistics projects.

Outlook

The Indian cement sector is expected to continue its upward trajectory, supported by macroeconomic stability, strong infrastructure push, and increased rural and urban construction activity. With the industry targeting net-zero emissions by 2070, there is a rising focus on low-carbon cement, energy-efficient kilns, and waste heat recovery systems. The consolidation trend among players is likely to improve pricing discipline and capacity utilization in the medium term.

(source: RHP)

Business Overview -

JSW Cement Limited, part of the diversified JSW Group, is a leading manufacturer of green cement in India. The company is committed to sustainability-driven growth, offering a diverse portfolio of cement products with a strong focus on blended and low-carbon cementitious solutions. Leveraging industrial by-products such as slag and fly ash, the company has carved out a distinct position as a green cement manufacturer aligned with India's infrastructure development goals.

Product Portfolio

JSW Cement manufactures and markets a broad range of cement and allied products under various categories:

- Blended Cement:** Includes Portland Slag Cement (PSC), Portland Composite Cement (PCC), and Portland Pozzolana Cement (PPC), which are known for durability, cost-efficiency, and environmental friendliness.
- Ordinary Portland Cement (OPC):** Offered in limited markets to cater to specific construction needs.
- GGBS (Ground Granulated Blast Furnace Slag):** A key additive for producing green concrete with improved strength and lower carbon footprint.
- Clinker:** Produced in-house and used as the base material for various cement types.
- Allied Cementitious Products:** Includes Ready Mix Concrete (RMC), screened slag, construction chemicals, and waterproofing compounds, offering integrated construction solutions.

The product wise sales of the company for last 3 financial years is given in the table below –

(MMTPA)

Product	FY 2025	FY 2024	FY 2023
Cement Volume Sold	7.09	6.94	5.7
▪ <i>Blended Cement</i>	4.6	5.08	4.81
▪ <i>OPC</i>	2.49	1.91	0.89
GGBS Volume Sold	5.18	5.08	3.85
Total Cement and GGBS	12.27	12.02	9.55
Clinker Volume Sold	0.36	0.5	0.94
Total Volume Sold	12.64	12.53	10.5

Product	FY 2025	FY 2024	FY 2023
Ready Mix Concrete (mn m)	0.56	0.37	0.35
Screened Slag	0.04	0.3	0.45

The company operates in the Southern, Eastern and Western regions of India. It also operates JSW Cement FZC clinker unit in the UAE.

Region-wise grinding capacity for FY2025

Region	Industry Installed Capacity (MMTPA)	% (Industry)	JSW Cement Installed Capacity (MMTPA)	% (JSW Cement)
North	127	19%	–	–
East	153	23%	5.10	24.76%
West	89	13%	4.50	21.84%
South	208	31%	110	53.40%
Central	91	14%	–	–
Total	668	100%	20.60	100.00%

As of FY2025, JSW Cement ranks among the top 10 cement players in terms of installed grinding capacity across its operating regions, with a capacity of 21 million tonnes per annum (MTPA), accounting for a 3% market share.

The overall regional grinding capacity across competitors totals 668 MTPA, led by:

- **Ultratech Cement with 184 MTPA (28% share)**
- **Adani Cement with 100 MTPA (15%)**
- **Shree Cement and Dalmia Bharat with 8% and 7% shares respectively.**

JSW Cement is on par with The Ramco Cement and JK Cement (each holding 3–4% share), indicating a significant foothold in the market despite not yet being among the top five. With a sharp focus on green cement and expansion strategies in high-demand regions like South and East India, JSW Cement is well-positioned to increase its share in the coming years.

JSW Cement operates a strategically distributed manufacturing network across South, East, and West India, supported by an overseas unit in the UAE. The company has a total installed clinker capacity of 6.44 MMTPA and grinding capacity of 20.60 MMTPA as of FY2025. The clinker facilities are located at Nandyal (South) and Shiva Cement (East), with an additional 2.31 MMTPA unit in UAE, primarily serving the Western India market.

Grinding operations are carried out through six domestic units spread across regions, with key capacities in Vijayanagar (6.00 MMTPA), Nandyal (4.20 MMTPA), and Dolvi (4.50 MMTPA). While grinding utilisation stood at 62.89%, clinker capacity utilisation was higher at 84.30%, indicating robust upstream operational efficiency.

Installed Clinker Capacity & Utilisation (FY2025)

Plant	Region	Capacity (MMTPA)	Utilisation (%)
Nandyal	South	2.81	79.36%
Shiva Cement	East	1.32	68.38%
Total India	–	4.13	75.85%
JSW Cement FZC	UAE (serves West India)	2.31	100.16%
Total Overall	–	6.44	84.30%

Installed Grinding Capacity & Utilisation (FY2025)

Plant	Region	Capacity (MMTPA)	Utilisation (%)
Nandyal	South	4.20	47.02%
Vijayanagar	South	6.00	82.89%
Salem	South	0.80	58.71%
Dolvi	West	4.50	74.40%
Salboni	East	3.60	48.02%
Jajpur	East	1.50	43.39%
Shiva Cement	East	0.00	0.00%
Total	–	20.6	62.89%

JSW Cement caters to both large institutional clients and individual home builders (IHBs) through a dual-channel distribution model. The **trade channel** involves selling cement and allied products to end users like IHBs, small builders, and contractors via a non-exclusive network of dealers and sub-dealers operating under open-ended agreements. In contrast, the **non-trade channel** focuses on direct sales to large institutional customers engaged in bulk procurement for major construction and infrastructure projects.

Particulars	2025	2024	2023
Percentage of Cement Volume Sold – Trade Channel	52.87%	57.43%	64.39%
Percentage of Cement Volume Sold – Non-Trade Channel	47.13%	42.47%	35.61%
Percentage of GGBS Volume Sold – Non-Trade Channel	100.00%	100.00%	100.00%

To summarise, JSW Cement Limited is a leading manufacturer of green cement in India, offering a diversified product portfolio that includes blended cements (PSC, PCC, PPC), Ordinary Portland Cement (OPC), Ground Granulated Blast Furnace Slag (GGBS), Ready-Mix Concrete (RMC), and other value-added cementitious products. The company operates a total grinding capacity of 20.60 MMTPA, with key plants located in the South, East, and West regions of India, and clinker facilities in India and the UAE. JSW Cement primarily serves institutional clients and individual home builders through trade and non-trade channels, with 100% of its GGBS volume routed through the non-trade segment. In FY25, it sold 12.64 MMT of total cementitious material, with an improving green power usage ratio of 21.48% and a clinker-to-cement ratio of 50.13%. Financially, the company reported declining realization per tonne and EBITDA per tonne in FY25, driven by pricing pressure and higher raw material and energy costs.

Business Strategies -

- Create a pan-India footprint by setting up new plants in north and central India, supplemented by expansions in the current regions of operation
- Continue to deepen presence in existing markets and grow the market share
- Continue to improve operational efficiency and implement cost reduction measures
- Continue to focus on sustainable development

FINANCIAL SNAPSHOT

Key Performance Indicators (Amt in Crores)				Ratio Sheet			
Particulars	FY23	FY24	FY25	Particulars	FY 2023	FY 2024	FY 2025
P&L Statement				Per Share Data			
Total Income	5,982.21	6,114.59	5,914.66	Diluted EPS	1.37	0.90	-1.16
Total Expenses	5,838.67	5,808.21	5,859.83	BV per share*	22.72	24.18	24.05
EBITDA	808.28	937.33	716.85	Operating Ratios			
EBIT	435.08	659.06	406.51	EBITDA Margins	13.85%	15.55%	12.33%
PBT	124.85	224.35	-43.64	PAT Margins	1.78%	1.03%	-2.82%
Tax Expenses	20.81	162.35	120.12	Inventory days	28.05	28.78	26.90
Net Profit	104.04	62.00	-163.76	Debtor days	44.57	47.53	49.23
Balance Sheet				Creditor days	345.12	345.53	308.94
Total Equity	2,240.74	2,385.48	2,372.35	Return Ratios			
Liabilities				RoCE	5.84%	8.91%	4.90%
Non-Current Liabilities	5,206.90	5,012.83	5,924.44	RoE	4.54%	2.52%	-6.96%
Current Liabilities	2,770.97	3,920.60	3,707.15	Valuation Ratios (x)			
Total Liabilities	7,977.87	8,933.42	9,631.59	EV/EBITDA	9.41	8.43	11.74
Assets				Market Cap / Sales	2.48	2.41	2.49
Non-Current Assets	7,861.47	8,668.32	9,601.17	P/E	107.30	163.33	-126.72
Current Assets	2,357.14	2,650.58	2,402.77	Price to Book Value	6.47	6.08	6.11
Total Assets	10,218.61	11,318.90	12,003.94	Solvency Ratios			
Cashflow Statement				Debt / Equity	2.37	2.37	2.62
Operating Cashflow	653.16	1407.71	736.68	Current Ratio	0.85	0.68	0.65
Investing Cashflow	-1792.91	-1119.81	-558.03	Quick Ratio	0.69	0.55	0.53
Financing Cashflow	1041.00	-220.87	-231.77	Asset Turnover	0.57	0.53	0.48
				Interest Coverage Ratio	1.40	1.52	0.90

Financial Analysis –

Revenue from Operations

Revenue remained largely flat, moving from ₹5,982 Cr in FY23 to ₹5,915 Cr in FY25, reflecting a muted CAGR of -0.57% due to a drop in FY25.

EBITDA and PAT Margins

EBITDA margin improved to 15.55% in FY24 but fell to 12.33% in FY25. PAT margin turned negative in FY25 (-2.82%), indicating profitability pressure.

RoCE and RoE

RoCE rose to 8.91% in FY24 but declined to 4.90% in FY25. RoE dropped to -6.96%, reflecting net losses and reduced shareholder returns.

Operating Cashflow

Cashflows were strong, peaking at ₹1,408 Cr in FY24 and moderating to ₹737 Cr in FY25—still healthy despite earnings volatility.

Debt-to-Equity Ratio

D/E ratio rose from 2.37x to 2.62x by FY25, indicating higher leverage amid weaker profitability.

Financial Outlook

FY25 showed strain with declining margins and rising debt. Sustainability depends on restoring profitability and managing leverage.

Lead Manager –

The IPO is handled by multiple lead managers viz. JM Financial Limited, Axis Capital Limited, Citigroup Global market India Limited, DAM Capital Advisors Limited, Goldman Sachs (India) Securities Private Limited, Jefferies India Private Limited, Kotak Mahindra Capital Company Limited, SBI Capital Markets Limited.

Risk Factors -

- The proposed transfer of the Sambalpur unit from Bhushan Power (under liquidation stay) to Shiva Cement faces legal and operational uncertainties that may impact the company's expansion plans. Around 54% of the revenue in FY25 was derived from the same customer group.
- The company relies heavily on JSW Steel and group entities for key raw materials like blast furnace slag, with 92.93% sourced from them in FY25; any disruption in this supply could materially impact operations and financial performance.
- SEBI has issued show cause notices to one of the Promoters, Sajjan Jindal, and certain Promoter Group members; any adverse outcome may affect the company's reputation and fund-raising ability.
- In FY25, the company reported a loss of ₹163.77 Cr due to lower cement realization (down 7.98%) and higher losses from joint ventures and associates.
- The company, its promoters, directors, subsidiaries, and group companies are involved in various legal proceedings aggregating to ₹677.38

Key Management

- **Parth Jindal** is the Managing Director and a Promoter of the Company. He is the founder of JSW Sports Private Limited. He is currently associated with JSW Paints Limited as its managing director. He was previously associated with JFE Steel and JSW Steel Limited. He has been associated with the Company since June 20, 2016. He has over 15 years of experience in the areas of management and finance.
- **Seshagiri Rao Venkata Satya Metlapalli** is the Chairman and Non-Executive Director of the Company. He was previously associated with JSW Steel Limited in various capacities including as a joint managing director and chief financial officer for 27 years. He is currently associated with JSW Holdings Limited as the group chief financial officer.
- **Nilesh Narwekar** is the Whole Time Director and Chief Executive Officer of the Company. Previously he was associated with Pricewaterhouse Coopers Pvt. Ltd as a partner in the advisory line of services. He has been associated with the Company since July 17, 2017. He has over 25 years of experience in various advisory roles.
- **Narinder Singh Kahlon** is the Director - Finance and Commercial and Chief Financial Officer of the Company. Previously he was associated with Karam Chand Thapar & Bros (Coal Sale) Ltd, Bhushan Ltd, Haldia Petrochemicals Ltd, JSW Bengal Steel Ltd and South West Port Ltd. He has been associated with the JSW group since December 31, 2007 and associated with the Company since June 21, 2014. He has over 27 years of experience in financial accounting, auditing, central excise and custom and sales tax laws.

Outlook – The overall management of the company is considered **satisfactory**.

Peer Analysis

Particulars	JSW Cement Limited			UltraTech Cement Limited			Ambuja Cements Limited			Shree Cement Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	1.78%	1.03%	-2.82%	2.59%	3.13%	3.69%	7.77%	14.28%	14.72%	7.11%	11.74%	5.83%
EBITDA Margin	13.85%	15.55%	12.33%	8.00%	9.00%	10.00%	13.15%	19.30%	17.04%	16.58%	22.14%	20.40%
RoCE	5.84%	8.91%	4.90%	14.00%	13.00%	15.00%	17.00%	12.00%	13.00%	17.00%	9.00%	15.00%
ROE	4.54%	2.52%	-6.96%	9.34%	11.63%	8.54%	11.93%	14.94%	12.44%	6.81%	11.58%	5.22%
EPS (INR)	1.37	0.90	-1.16	5.59	7.29	8.84	13.01	16.26	16.92	352.18	663.98	311.18
P/E	107.30	163.33	-126.72	37.60	43.90	54.90	35.80	37.30	30.60	67.40	41.30	90.00

Particulars	JSW Cement Limited			Dalmia Bharat Limited			JK Cement Limited			The Ramco Cements Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	1.78%	1.03%	-2.82%	7.69%	9.38%	10.33%	4.28%	6.84%	7.34%	3.86%	3.80%	3.17%
EBITDA Margin	13.85%	15.55%	12.33%	13.44%	14.21%	12.55%	13.65%	17.92%	17.12%	14.54%	16.69%	14.49%
RoCE	5.84%	8.91%	4.90%	12.00%	10.00%	9.00%	17.00%	10.00%	16.00%	6.00%	8.00%	5.00%
ROE	4.54%	2.52%	-6.96%	9.24%	9.28%	11.97%	8.88%	14.72%	14.32%	4.59%	4.92%	3.63%
EPS (INR)	1.37	0.90	-1.16	30.91	33.68	47.81	54.82	102.35	111.45	13.31	15.23	11.54
P/E	107.30	163.33	-126.72	16.10	9.10	10.20	44.40	45.70	60.40	63.50	50.60	108.30

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