

JSW Cement Ltd.

Sensex	80,623.26
Nifty	24,596.15

ISSUE DETAILS

Issue Type	100% Book Built Offer
Total Issue Size	₹3,600.00crs
Fresh Issue	₹1,600.00crs
Offer for Sale	₹2,000.00crs
Bid/Offer Opening Date	Thursday, August 7, 2025
Bid/Offer Closing Date	Monday, August 11, 2025
Anchor Investor Bidding Date	Wednesday, August 6, 2025
Face Value per Share	₹10
Price Band	139 – 147
Minimum Bid Lot	102 shares and in multiples thereof
Listing Exchanges	BSE and NSE
Designated Stock Exchange	NSE
Allocation to QIBs	Not more than 50% of the offer
Allocation to NIIs	Not less than 15% of the offer
Allocation to RIIs	Not less than 35% of the offer
Registrar to the Offer	KFin Technologies Limited
Book Running Lead Managers	JM Financial, Axis Capital, Citi, DAM Capital, Goldman Sachs, Jefferies, Kotak Mahindra Capital, SBI Capital Markets

Company Background

JSW Cement Ltd, part of the JSW Group, is a leading manufacturer of green cement in India. With a current cement capacity of 20.6 MTPA and clinker capacity of 6.44 MTPA, it is strategically positioned to grow further, targeting 25 MTPA in the near term. The company is a market leader in the slag cement segment and holds an 84% market share in GGBS. It caters to key Indian markets with plans to expand further in north and central India.

Objects of the Issue

Component	Amount (₹ crs)	Remarks
Total Offer Size	3,600	Includes both Fresh Issue and Offer for Sale
Fresh Issue	1,600	Proceeds go to the company
Offer for Sale	2,000	Proceeds go to selling shareholders
Use of Net Proceeds		
– Nagaur Cement Unit	800	Part-financing new integrated unit in Rajasthan
– Debt Repayment	520	Prepayment or repayment of borrowings
– General Corporate Use	To be finalized	Subject to final pricing; capped at 25% of gross proceeds.
Selling Shareholders		
– AP Asia Holdings	931.80	
– Synergy Metals	938.50	
– State Bank of India	129.70	

Source: RHP

Financials

Particulars	FY23	FY24	FY25
Revenue from Operations	5,837	6,028	5,813
Other Income (₹)	145	86	102
Total Income (₹)	5,982	6,115	5,915
Profit After Tax (PAT) (₹)	104	62	(164)
PAT Margin (%)	1.74%	1.01%	-2.77%
Basic EPS (₹)	1.39	0.91	(1.16)
Diluted EPS (₹)	1.37	0.90	(1.16)
Return on Net Worth (RoNW)	5.97%	3.64%	-4.85%
Total Equity (₹)	2,241	2,385	2,372
Total Borrowings (₹)	5,422	5,836	6,167

Source: RHP

Peer Comparison

Particulars	JSW Cement	UltraTech Cement	Ambuja Cement	Shree Cement	JK Cement
Revenue from Operations (₹ crs) FY25	5,813	75,955	33,697	19,282	11,879
Closing Price (₹) (on 06-Aug-2025)	147 (upper band)	12,203	590	30,472	6,960
Market Cap to Sales	3.34	4.62	3.91	5.66	4.33
P/E Ratio (x)	NA	52.1	33.6	73.9	58.6
EV/EBITDA (x)	31.35 (post issue)	26	15.2	22	24.2
P/B Ratio (x)	5.07 (post issue)	5.13	2.72	5.12	8.83
CFO/EBITDA (x)	0.9	0.81	0.26	1.09	0.88
ROE (per cent)	-4.14	9.29	8.73	5.29	13.9

Source: RHP

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Key Strengths

- **Top 10 Cement Company in India:** Ranked among the top 10 cement companies by installed capacity and sales volume as of March 31, 2025.
- **Fastest Growth Among Peers:** Grinding capacity grew at a CAGR of **12.42%** and sales volume at **15.05%** (FY23–FY25), outperforming industry averages of 6.23% and 8.12%, respectively.
- **India's Largest GGBS Manufacturer:** Holds **~84% market share** in GGBS sales (FY25), with consistent year-on-year growth in volume and contribution to total sales.
- **Strategically Located Plants:** Manufacturing units across South, West, and East India, well-connected to raw material sources and consumption markets via road and rail.
- **Lowest Carbon Emission Intensity:** Emission intensity in FY25 was **~54% lower** than top global cement companies and **~52% lower** than Indian peers.
- **Strong Brand Backing from JSW Group:** Benefits from JSW Group's brand equity and synergies in sourcing raw materials and energy from JSW Steel and JSW Energy.
- **Green Product Portfolio:** Over **82% of total volume sold** in FY25 comprised green cementitious products; certified by GreenPro and GRIHA.
- **Sustainable Manufacturing Practices:** Uses alternative fuels like RDF, biomass, and industrial waste; achieved a **thermal substitution rate of 16.39%** in FY25.

Key Risks

- **Negative Bottomline in FY25:** JSW Cement reported a consolidated loss of ₹163.77crs in FY25, with declining PAT margin, EPS, and RoNW, indicating pressure on profitability and financial health.
- **Losses from Subsidiaries and Associates:** Significant losses from subsidiaries contributed to the negative PAT and may require continued financial support.

Entity	Category	Loss (₹ crs)
Shiva Cement Limited	Subsidiary	142.48
JSW Green Cement Limited	Subsidiary	0.23
Utkarsh Transport Pvt. Ltd.	Subsidiary	18.36

- **High Finance Costs:** Finance costs rose to ₹450.15crs in FY25 (7.61% of total income), driven by increased lease liabilities and amortization of upfront fees, further straining profitability.
- **Dependency on Limestone Procurement:** The company's operations rely heavily on mining and sourcing limestone. Any disruption could severely impact production and margins.
- **Legal Uncertainty Around Sambalpur Unit:** The grinding unit at Sambalpur, Odisha, being constructed by Bhushan Power and Steel, is under Supreme Court-directed liquidation proceedings, posing risks to planned expansion.
- **Raw Material Reliance on JSW Steel:** Over 92% of blast furnace slag used is sourced from JSW Steel and its subsidiaries. Any disruption in supply could affect green cement production.
- **Power and Fuel Availability:** Operations depend on uninterrupted power and fuel. Price volatility or supply issues could impact margins and production continuity.
- **Regulatory Action Against Promoters:** SEBI has issued show-cause notices to certain promoters and promoter group members, which could impact reputation and fundraising ability.
- **Execution Risk in Expansion Projects:** Delays or cost overruns in greenfield and brownfield projects, including the Nagaur unit, could affect growth plans and financial stability.
- **Conflict of Interest in IPO Proceeds:** Part of the IPO proceeds is earmarked for repayment of loans to associates of certain Book Running Lead Managers, raising governance concerns.

Valuation and Outlook

JSW Cement's valuation reflects its leading position in India's green cement sector, rapid capacity expansion plans and integration within the JSW Group. Despite a **consolidated loss of ₹163.77crs in FY25**, the company has strong fundamentals, posting a 12.42% CAGR in grinding capacity and market leadership in GGBS. IPO proceeds will fund the Nagaur integrated unit and reduce debt, boosting operational leverage. The outlook stays positive, supported by infrastructure growth, sustainability initiatives, and the government's green construction focus. Key risks are execution delays, raw material dependency, and subsidiary losses. Yet, JSW Cement's brand, diverse products, and low carbon footprint support long-term value creation.

At the upper price band of ₹147, JSW Cement targets a market cap of ₹20,041crs, implying a 3.34x market cap-to-sales ratio – modest versus peers. Its **31.35x EV/EBITDA is highest among competitors, despite a negative ROE (-4.14%) and recent losses. A P/B of 5.07x matches sector leaders**, while CFO/EBITDA of 0.90 highlights strong cash conversion. The company **aims to double capacity to 42 MTPA in four years, with a long-term target of 60 MTPA (7–8% market share)**, leveraging group synergies and GGBS integration for margin and balance sheet improvement.

The IPO offers a premium due to aggressive expansion (raising capacity from 20.60 to 41.85 MTPA), group synergies, and strategic market moves. **Short-term valuation concerns stem from ongoing losses and a high EV/EBITDA, but the offering suits long-term, higher-risk investors** seeking exposure to India's growing cement sector.

Looking at the strong parentage group and initiatives envisaged to be undertaken by the company, we feel this can be a good investment pick over long term horizon, however listing gains can be muted. We remain NEUTRAL on the stock.

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Disclosure of Interest Statement: JSW Cement Ltd. as on 8th August 2025

Name of the Security	JSW Cement Ltd.
Name of the analyst	Dhananjay Kansara
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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