kotak Institutional Equities

JSW Cement (JSWCEMEN)

Construction Materials

BUY

CMP(₹): **112** Fair Value(₹): **135** Sector View: **Cautious** NIFTY-50: **25,840** **December 09, 2025**

Scaling at speed on pan-India pathway

JSW Cement (JCL/company), part of the JSW group, is present in south, east and west regions with a capacity of 21.6 mtpa. We expect JCL to raise capacity to ~32/42 mtpa in phases to become a pan-India player. Slag sourcing from group entities is a key moat, which has propelled JCL to establish leadership in the niche, high-margin GGBS segment. Sizable capex will entail negative FCF over FY2025-28E, but we expect net debt/EBITDA to moderate gradually to ~2X by FY2028E on the basis of current expansion plans. Dependence on group companies, GGBS adoption and project execution remain key risks. We initiate with BUY and FV of Rs135 on 8.5X EV/EBITDA FY2028E.

Transitioning to a pan-India powerhouse

We expect JSW Cement to add 6.3 mtpa of greenfield capacity in north region over the next two years, apart from brownfield additions of 4 mtpa. Current capacity of 21.6 mtpa is concentrated in south/east/west regions with a mix of 51%/28%/21%. We expect capacity to increase to 31.9 mtpa in FY2028E with mix of 41%/20%/20%/19% in south/north/west/east regions. Further, we expect the company to embark on greenfield expansion in the central region contingent on a) successful capacity ramp-up in the north region and b) sufficient balance sheet strength, possibly around FY2029/30E. Over the course of next few years, JSW Cement is set to join UTCEM/ACEM in terms of a true pan-India presence.

Pioneer in a niche and higher-margin GGBS segment

JCL is India's largest manufacturer of Ground Granulated BF Slag (GGBS), with 80%+ market share. A niche product, GGBS is commonly used as a substitute for cementitious products in concrete. JCL has long-term contracts with JSW Steel (JSTL), India's largest steel company for slag sourcing—key raw material for GGBS. It also gains from proximity to JSTL plants, minimizing freight costs. Compared to cement, we estimate substantially higher margins for GGBS segment at ~Rs1,400/ton given absence of high-cost clinker making process.

Aggressive expansion to keep leverage elevated

Sizable capex requirements over FY2025-28E for greenfield/brownfield capex should keep leverage elevated. We bake in capex of Rs21/22/20 bn in FY2026/27/28E, implying negative FCF over FY2026-28E. Recent IPO proceeds have reduced net debt to ~Rs32 bn but will increase as the company scales up capacities. We estimate the company's net debt/EBITDA to gradually moderate to ~2X by FY2028E on the basis of the current phase of expansion plans.

Initiate with BUY and FV of Rs135

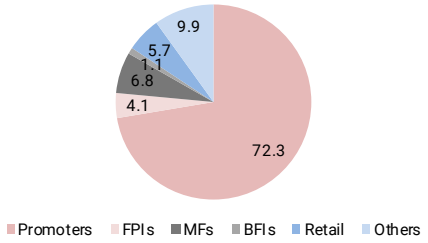
JCL has an impressive track record, with a sector-leading 13%/16.7% capacity/sales CAGR over past 10 years. FY2025 was a subdued year given weak prices in key regions and stagnant volumes. We forecast 12%/18% volume/EBITDA CAGR over FY2024-28E led by upcoming capacity expansions. We initiate with BUY rating and an FV of Rs135, implying 8.5X EV/EBITDA FY2028E. Key risks to our thesis include (1) project execution risk on expansion in new regions, (2) dependencies on JSW group and (3) slower GGBS adoption in key markets.

Company data and valuation summary

Stock data

CMP(Rs)/FV(Rs)/Rating	112/135/BUY
52-week range (Rs) (high-low)	162-107
Mcap (bn) (Rs/US$)	153/1.7
ADTV-3M (mn) (Rs/US$)	380/4.2

Shareholding pattern (%)



Price performance (%)	1M	3M	12M
Absolute	(12)	(24)	0
Rel. to Nifty	(13)	(28)	0
Rel. to MSCI India	0	0	0

Forecasts/Valuations	2026E	2027E	2028E
EPS (Rs)	3.5	7.6	10.2
EPS growth (%)	866.0	116.7	33.5
P/E (X)	31.8	14.7	11.0
P/B (X)	2.4	2.1	1.7
EV/EBITDA (X)	14.9	11.5	8.9
RoE (%)	11.1	15.2	17.2
Div. yield (%)	0.0	0.0	0.0
Sales (Rs bn)	68	82	101
EBITDA (Rs bn)	13	17	22
Net profits (Rs bn)	4.8	10	14

Source: Bloomberg, Company data, Kotak Institutional Equities estimates

Prices in this report are based on the market close of December 09, 2025

Full sector coverage on KINSITE

| Siddharth Mehrotra | Sumangal Nevatia | Keshav Kumar

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Financial snapshot

We expect strong growth in revenue/EBITDA over coming years

Exhibit 1: Summary financials for JSW Cement, March fiscal year-ends, 2022-28E (Rs mn, %)

	Operating Revenues		EBITDA		Adjusted PAT		EBITDA margin	Gross margin	P/E	EV/ EBITDA
	(Rs mn)	Growth (%)	(Rs mn)	Growth (%)	(Rs mn)	Growth (%)	(%)	(%)	(X)	(X)
2022	46,686		7,569		2,450		16.2	74.8	45.6	23.6
2023	58,367	25.0	8,168	7.9	2,167	(11.6)	14.0	73.2	51.9	23.3
2024	60,281	3.3	11,579	41.8	3,148	45.3	19.2	78.1	35.7	16.5
2025	58,131	(3.6)	8,638	(25.4)	359	(88.6)	14.9	74.5	308.1	22.5
2026E	67,841	16.7	12,863	48.9	4,800	1,235.3	19.0	74.7	31.9	14.9
2027E	82,448	21.5	17,275	34.3	10,401	116.7	21.0	74.6	14.7	11.5
2028E	101,370	23.0	22,328	29.3	13,881	33.5	22.0	74.5	11.0	8.9

Source: Company, Kotak Institutional Equities estimates

We expect leverage levels to moderate after IPO over FY2025-28E

Exhibit 2: Summary financials for JSW Cement, March fiscal year-ends, 2022-28E (Rs mn)

(Rs mn)	2022	2023	2024	2025	2026E	2027E	2028E
Profit and loss							
Net revenues	**46,686**	**58,367**	**60,281**	**58,131**	**67,841**	**82,448**	**101,370**
Gross profit	34,924	42,698	47,103	43,302	50,689	61,482	75,505
EBITDA	**7,569**	**8,168**	**11,579**	**8,638**	**12,863**	**17,275**	**22,328**
Other income	1,949	900	865	1,016	926	6,025	7,724
Interest expense	(3,146)	(3,102)	(4,347)	(4,501)	(4,309)	(5,520)	(6,179)
Depreciation & amortisation	(2,385)	(3,732)	(2,783)	(3,103)	(3,525)	(4,647)	(6,283)
Profit before tax	**3,967**	**1,248**	**2,244**	**(436)**	**(8,510)**	**13,335**	**17,796**
Tax & deferred tax	(1,641)	(208)	(1,623)	(1,201)	(1,354)	(2,934)	(3,915)
Adjusted PAT	**2,450**	**2,167**	**3,148**	**359**	**4,800**	**10,401**	**13,881**
EPS (adjusted) (Rs)	**2.5**	**2.2**	**3.1**	**0.4**	**3.5**	**7.6**	**10.2**
Balance sheet							
Fixed assets (incl. goodwill)	38,334	34,933	48,702	54,381	55,820	91,077	110,348
Cash & equivalents	5,549	550	3,160	1,235	20,082	25,745	28,585
Inventories	4,602	4,485	4,753	4,285	5,576	6,777	8,332
Total assets	**92,725**	**102,186**	**113,189**	**120,039**	**159,333**	**185,435**	**206,464**
Borrowings (ex-CCPS)	31,463	38,114	40,885	42,688	58,688	71,188	74,188
Total liabilities	**71,605**	**79,779**	**89,334**	**96,316**	**95,832**	**111,534**	**118,681**
Net debt (ex-CCPS)	25,913	37,564	37,725	41,953	38,606	45,443	45,603
Shareholders' equity	**21,120**	**22,407**	**23,855**	**23,724**	**63,500**	**73,902**	**87,783**
Total liabilities and equity	**92,725**	**102,186**	**113,189**	**120,039**	**159,333**	**185,435**	**206,464**
Cash flow statement							
Operating cash flow before working capital changes	**4,348**	**4,881**	**6,583**	**4,314**	**7,398**	**9,023**	**12,441**
Changes in working capital	(3,686)	(1,271)	2,992	(1,603)	(273)	—	—
Capex	(10,545)	(16,337)	(9,322)	(11,517)	(21,205)	(21,884)	(20,324)
Free cash flow to firm	**(9,883)**	**(12,728)**	**253**	**(8,806)**	**(14,080)**	**(12,861)**	**(7,884)**
Ratios							
EBITDA margin (RHS)	16.2	14.0	19.2	14.9	19.0	21.0	22.0
ROE (%)	11.6	9.7	13.2	1.5	7.6	14.1	15.8
ROCE (%) (post tax)	5.6	5.6	6.2	(0.8)	6.2	9.5	10.9
Net debt / EBITDA (X) (ex-CCPS)	3.4	4.7	3.5	5.4	3.0	2.6	2.0
Operational Metrics							
Capacity (mtpa)	14.55	16.30	20.60	20.60	21.60	24.10	31.85
Sales volume (mn tons)	9.69	10.50	12.53	12.63	14.18	16.71	19.92
EBITDA/ton (adjusted)	781	778	924	684	907	1,034	1,121
GGBS as % of volumes	32%	37%	41%	41%	42%	41%	40%
Ratios							
P/E	45.6	51.9	35.7	308.1	31.9	14.7	11.0
CRoCI	11.9	17.1	16.0	3.7	15.3	15.6	15.0
EV/EBITDA	23.6	23.3	16.5	22.5	14.9	11.5	8.9
EV/t (US$/ton)	165.1	145.0	111.9	111.6	101.3	92.0	68.2
P/B	7.2	6.8	6.4	6.5	2.4	2.1	1.7

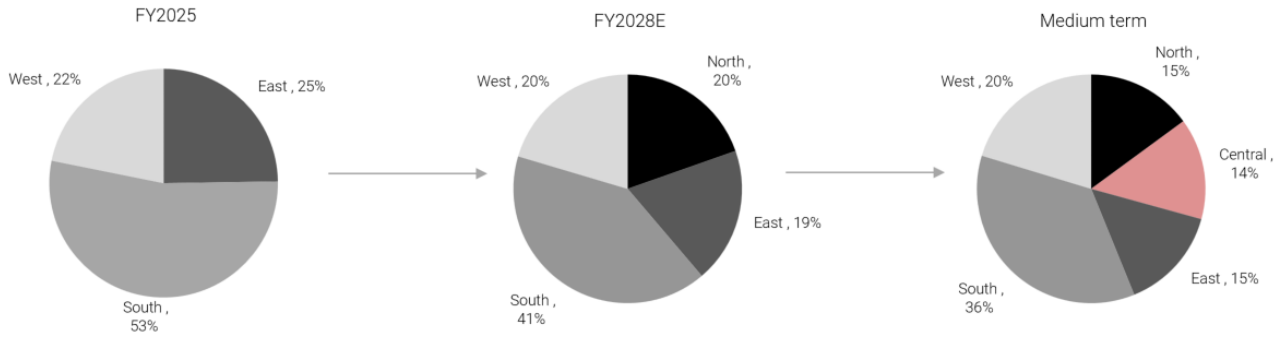
Source: Company, Kotak Institutional Equities estimates

1 Executive summary: JSW Cement—scaling at speed on a pan-India pathway

JSW Cement (JCL) is on track to become a pan-India player over the course of the next 5-6 years. We expect JCL to increase capacity to ~32 mtpa by FY2028E, with ~60% of incremental capacities in north region. Further, we expect a foray into central region once volumes ramp up, subject to balance sheet health. JCL is the market leader in GGBS, a niche but high growth/margin segment, which can partially replace cement in concrete. We forecast 12%/18% volume/EBITDA CAGR over FY2024-28E led by upcoming capacity expansions. However, sizable capex of ~Rs20 bn annually over FY2026-28E will keep FCF negative. We initiate with a BUY rating and an FV of Rs135, implying 8.5X EV/EBITDA FY2028E. Key risks to our thesis include (1) project execution risk on expansion in new regions, (2) dependencies on JSW group and (3) slower GGBS adoption in key markets.

We expect JSW Cement to diversify and become a pan-India player over medium term

Exhibit 3: Capacity mix evolution for JSW Cement



Source: Company, Kotak Institutional Equities estimates

Planned expansions to double capacity over the medium term

Exhibit 4: Planned breakup of increase in capacity for JSW Cement over medium term, 1HFY26

				Proposed capacity additions	
Proposed plant location	**Region**	**Plant type**	**Expansion type**	**Clinker**	**Cement**
Current capacity as of 1HFY26				**6.4**	**21.6**
Nagaur, Rajasthan	North	Integrated Unit	Greenfield	3.3	3.5
Talwandi Sabo, Punjab	North	Grinding Unit	Greenfield		2.8
Vijayanagar, Karnataka	South	Grinding Unit	Brownfield		2.0
Dolvi, Maharashtra	West	Grinding Unit	Greenfield		2.0
Capacity by FY2028E				**9.7**	**31.9**
Vijayanagar, Karnataka	South	Grinding Unit	Brownfield		2.0
Dolvi, Maharashtra	West	Grinding Unit	Greenfield		2.0
Hatta, Madhya Pradesh	Central	Integrated Unit	Greenfield	3.3	1.0
Uttar Pradesh	Central	Grinding Unit	Greenfield		5.0
Total proposed capacity expansion				**6.6**	**20.3**
Total post-expansion capacity				**13.0**	**41.9**

Source: Company, Kotak Institutional Equities

Valuation: Initiate with BUY and Fair Value of Rs135

We initiate with BUY and a Fair Value of Rs135 based on 8.5X FY2028E EV/EBITDA. On a per ton basis, our valuation implies EV/ton of ~US$70 for FY2028E.

We expect volumes to increase at 16.4% CAGR, with cement/GGBS growth of 17.4%/15% as new north-based capacities ramp up. Consequently, we expect fast-paced growth to continue on a low base, with FY2025-28E revenue/EBITDA CAGR of ~20%/37%.

Our Fair Value discounts incremental volumes coming online by FY2030 and includes the stake of JCL in JSW One – the JSW group's e-commerce venture that recently raised funding at a valuation of US$1+ bn.

We assign a Fair Value of Rs135 on March 2028E financials

Exhibit 5: JSW Cement, valuation details, March 2028E financials

	Rs mn	Multiple (X)	EV Rs mn	Rs/share
Valuation				
EBITDA (Rs mn)	22,328	8.5	190,685	140
Net debt (Rs mn)			(45,443)	(33)
CWIP			25,992	19
JSW One stake			11,250	8
Equity value (Rs mn)			**182,484**	**135**
Fair Value (Rs/share)				**135**

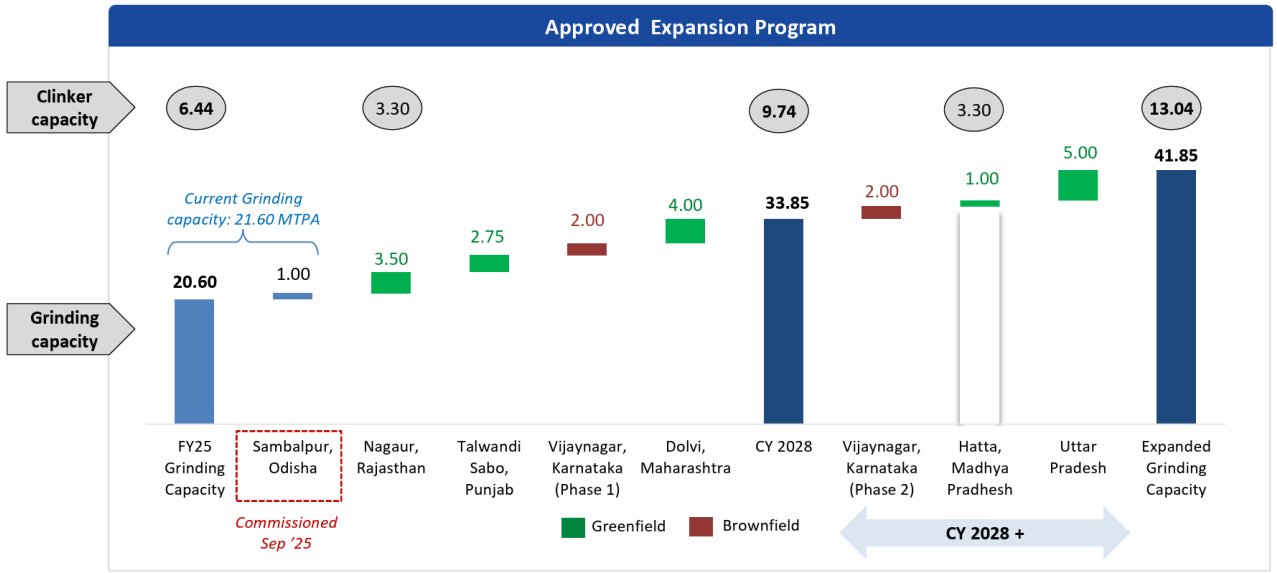
Source: Kotak Institutional Equities estimates

Positioned to be a pan-India player with increasing regional diversification

We expect JSW Cement's capacity to increase to 31.9 mtpa in FY2028E, with capacity additions of 6.25/2/2 mtpa in north region/Dolvi/Vijayanagar. Led by greenfield expansion in Rajasthan/Punjab, the regional mix would improve to 41%/20%/20%/19% in south/north/west/east. This will be a sizable improvement from current regional mix of 51%/28%/21% in south/east/west region at 21.6 mtpa capacity. Notwithstanding any leverage issues and north region ramp-up, we expect a follow-on greenfield expansion in central region. This will propel JSW Cement into the league of true pan-India players such as UTCEM/ACEM.

JSW Cement: Phase-1/2 expansions led by foray into north/central regions

Exhibit 6: JCL: Details of approved expansion plan

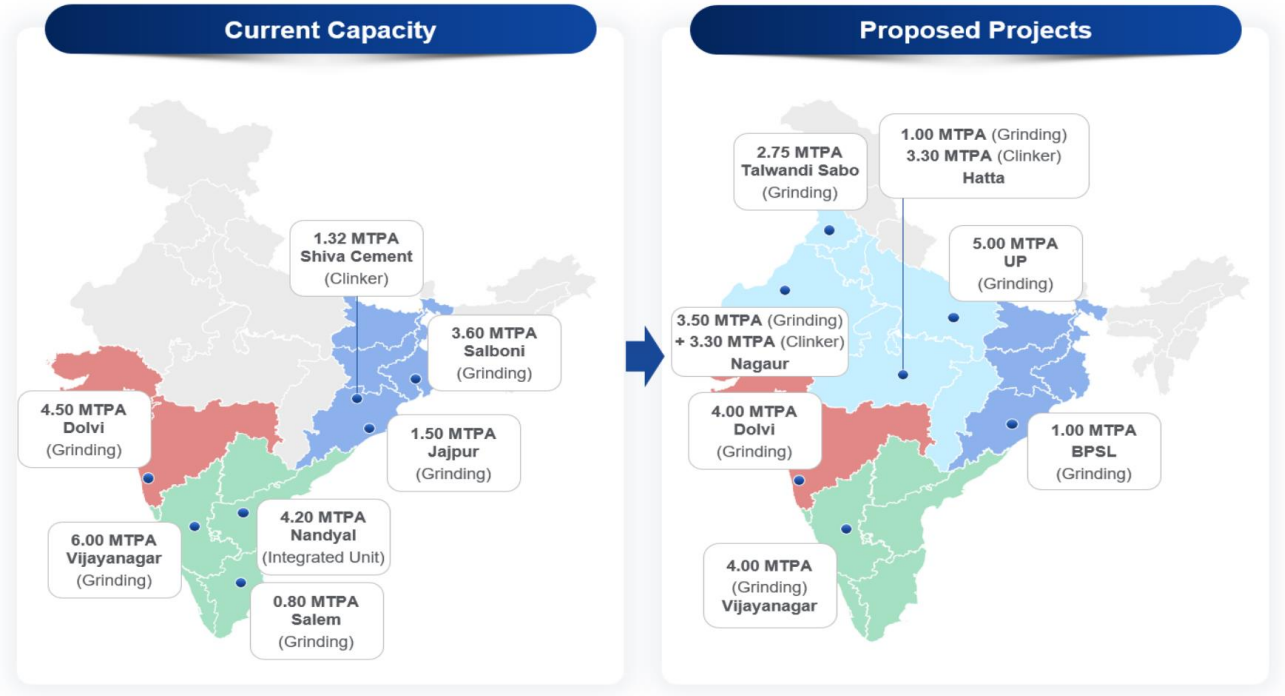


Notes:
(a) We build in additional 2/2 brownfield capacity additions in Dolvi/Vijayanagar by FY2028E.

Source: Company, Kotak Institutional Equities

JSW Cement will become a pan-India player post north/central region expansion

Exhibit 7: Current versus proposed capacity of JSW Cement as of FY2025



Notes:
(a) Clinker capacity of 6.4 mtpa includes Middle East clinker capacity not shown in the exhibit above.

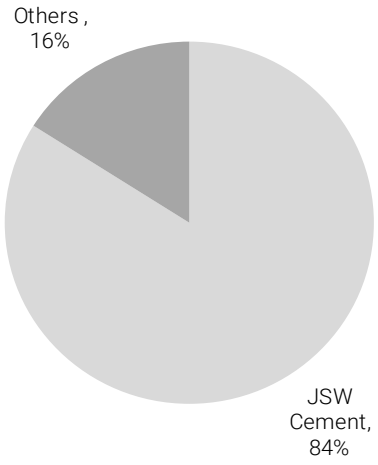
Source: Company, Kotak Institutional Equities

Uniquely placed to utilize slag sourcing opportunities via JSW group

JSW Cement is the largest player with 80%+ market share in Ground Granulated Blast Furnace Slag or GGBS. This is a niche high-growth product, manufactured from steel slag and commonly used as a substitute for cementitious products in concrete mixes. We expect GGBS demand to grow in mid-double digits over FY2025-28E given cost advantages, low penetration and favorable characteristics.

JSW Cement is the largest player in emerging GGBS segment

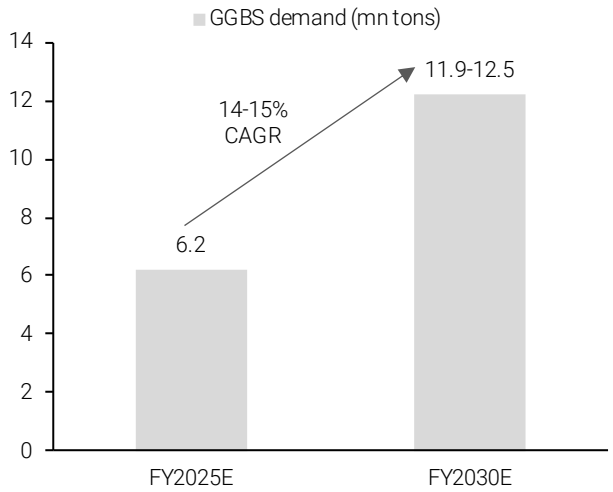
Exhibit 8: Market share of GGBS players in India, FY2025 (%)



Source: CRISIL Intelligence, Company, Kotak Institutional Equities estimates

We expect GGBS demand growth at ~15% over coming years

Exhibit 9: GGBS demand estimates (mn tons)

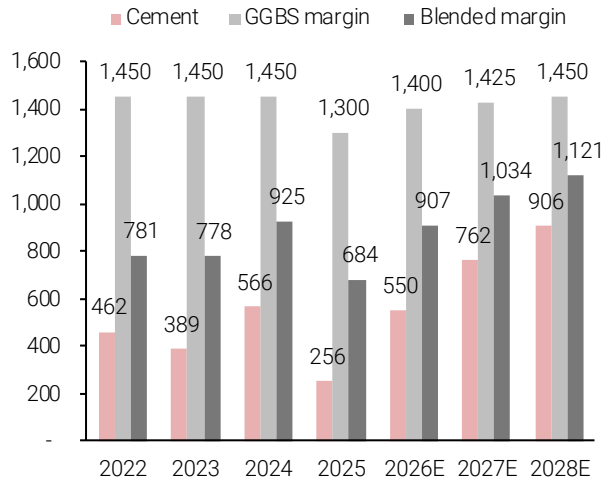


Source: CRISIL Intelligence, Industry, Kotak Institutional Equities estimates

We estimate margins of ~Rs1,400-1,500/ton for GGBS over FY2025-28E. These margins are substantially higher versus cement, primarily led by (1) absence of clinker making process (and limestone dependence), (2) lower cost structure (slag is a waste product in the traditional steel making process) and (3) lower slag transportation costs due to plant locations.

We estimate GGBS margins to be substantially higher

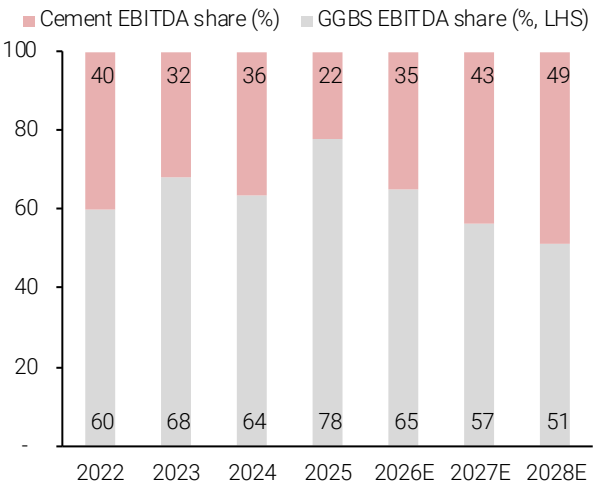
Exhibit 10: JCL – KIE estimates for GGBS/cement margins, FY2022-28E



Source: Company, Kotak Institutional Equities estimates

EBITDA share from cement to inch higher post north capex

Exhibit 11: JCL – KIE estimates of segmental EBITDA share, FY2022-28E



Source: Company, Kotak Institutional Equities estimates

JSW Cement benefits from synergies with the long-established 'JSW' brand. The company sources ~90% of slag from JSW Steel, India's largest steel company. The company optimizes for slag transportation costs by locating its plants strategically in the vicinity of JSW Steel's plants. We believe this crucial aspect makes it hard for a competitor to source slag at a more competitive cost.

Most of the company's plants are located in the vicinity to steel plants

Exhibit 12: Sources of slag for JSW Cement plants, FY2025

Plant	Source(s) of blast furnace slag	Distance from the plant (in km)	Inbound transportation
Vijayanagar	JSW Steel Limited plant located in Vijayanagar,	7	Road
Nandyal	JSW Steel Limited plant located in Vijayanagar,	237	Rail and road
Salem	JSW Steel Limited plant located in Salem, Tamil	2	Road
Dolvi	JSW Steel Dolvi works located in Dolvi, Maharashtra	1	Overland belt conveyor
Salboni	Third party steel plant, Kalinganagar, Odisha	280	Rail
	Third party steel plant, Jamshedpur, Jharkand	163	Rail
	BPSL plant, Sambalpur Odisha	447	Rail
Jajpur	Third party steel plant, Kalinganagar Odisha	13	Road

Source: Company, Kotak Institutional Equities

JSW Cement sources slag from JSW Steel and its subsidiaries (JVML, BPSL) under long-term contracts of five years each. Under the terms of these agreements, slag is supplied to JSW Cement at a fixed rate with annual revisions based on wholesale-price index and export price parity.

JSW Cement: 90%+ of slag requirements met through JSW Steel in recent years

Exhibit 13: Sources of BF slag and key consumption parameters, March fiscal year-ends, 2022-25 (%)

^net of handling/moisture losses

Source: Company, Kotak Institutional Equities

Regional concentration, group linkages and project execution remain key monitorables

Key risks for JCL include: (1) High regional concentration currently, with +50% of capacity in south, (2) high dependance on group firms (mainly JSW Steel) for key raw materials such as slag (90%+ for FY2025/25), (3) market acceptance of GGBS and (4) execution risks and a constrained balance sheet, as the company enters new markets such as north and central regions against formidable rivals.

- **High regional concentration**. Three of the company's grinding units are in south region. Together, these constitute 51% of the total installed capacity as of 1HFY26. This exposes JSW Cement to regional volatility as (1) capacity utilizations in the south region are lower versus other regions currently and (2) there is substantial ramp-up from acquired capacities by UTCEM/ACEM in the region.

- **Linkages with JSW group**. JSW Cement depends on JSW Steel for supply of blast furnace slag, which is a key raw material used to manufacture green cementitious products (GGBS, PSC and PCC). JSW Steel was the supplier of ~90% of the company's slag requirements over FY2024/25 through contracts. Green cementitious products (GGBS, PSC and PCC) formed 77.4%/80.7%/82.5%/79.6% of total volumes of 12.6/12.5/10.5/9.7 mn tons for FY2025/24/23/22.

  The company also depends on JSW Energy Limited for power supply to Nandyal, Vijayanagar and Salboni plants.

- **Market acceptance of GGBS.** GGBS contributes ~40% to total volumes as of FY2025 and we expect this share to gradually reduce as the company enters newer regions where slag is unavailable. However, slower-than-anticipated growth in higher-margin GGBS product, particularly in south/west regions, could impact both volumes and margins for the company.

- **Substantial debt levels**. The company's net debt as of 1HFY26 stood at Rs32.3 bn. This implies ~3X net debt/EBITDA (annualized) in 2QFY26—higher than most larger peers. We expect elevated capex in coming years as the company progresses on its expansion plans, and only a gradual reduction in net debt/EBITDA to 2X by FY2028E.

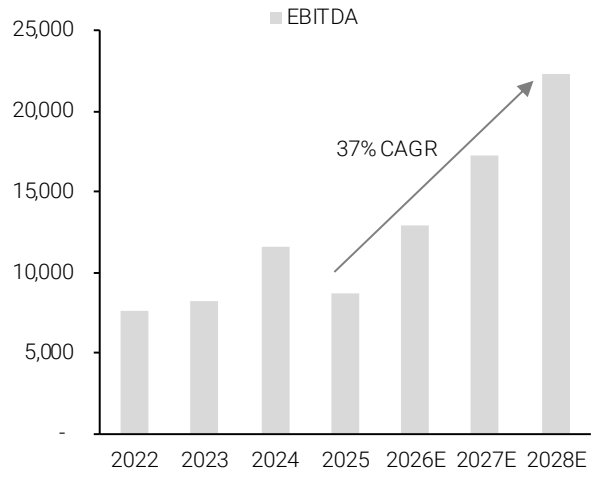
- **Project risk**. The company's brownfield and greenfield expansion plans would increase its clinker/grinding capacity from the current 6.4/21.6 mtpa to 13/41.9 mtpa over the next few years. Execution on large greenfield projects in new geographies remains a key monitorable.

We expect robust growth and moderating leverage over FY2025-28E

We forecast 20%/37% CAGR in revenues/EBITDA over FY2025-28E off a weak FY2025 base. Adjusted for base, revenue/EBITDA growth over FY2024-28E is estimated at 14%/18%. This growth is led by a 16% growth in sales volumes, with 15%/17% CAGR in GGBS/cement sales over FY2025-28E.

We expect 37% CAGR in EBITDA over FY2025-28E off weak base

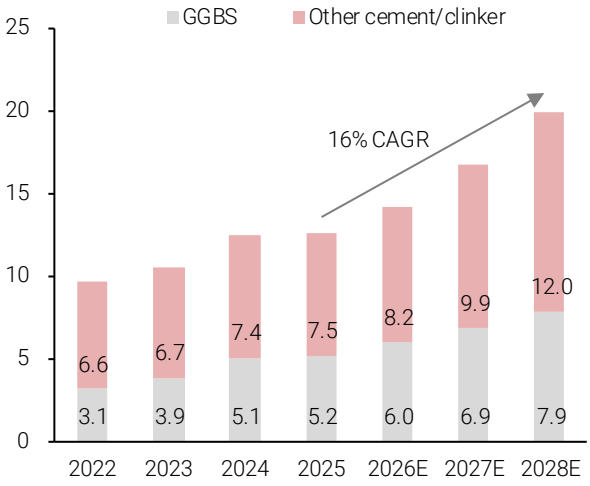
Exhibit 14: JCL – adjusted EBITDA, March fiscal year-ends, 2022-28E (Rs mn)



Source: Company, Kotak Institutional Equities estimates

We expect 16% CAGR in volumes over FY2025-28E

Exhibit 15: JCL – volumes, March fiscal year-ends, 2022-28E (mn tons)

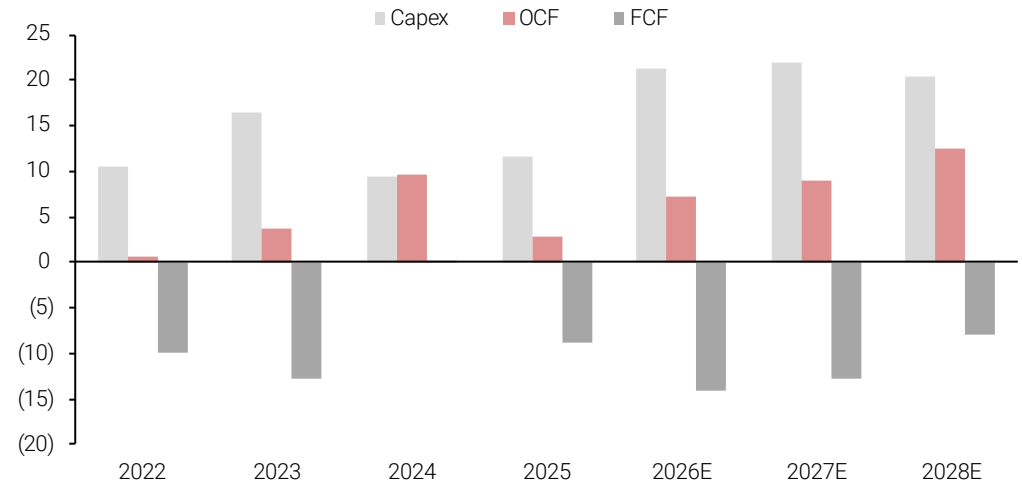


Source: Company, Kotak Institutional Equities estimates

Net debt (ex-CCPS) stood at ~Rs42 bn as of FY2025, and has reduced to ~Rs32 bn in 1HFY26 on the back of IPO proceeds and internal accruals. However, sizable capex requirements over FY2025-28E for greenfield expansion in north region, apart from brownfield expansions in Vijayanagar and Dolvi, should keep net debt elevated. We bake in capex of Rs21/22/20 bn in FY2026/27/28E, implying negative FCF over the next three years as JSW Cement expands capacity for a pan-India presence.

We expect FCF to be negative over the next three years on the back of planned expansions

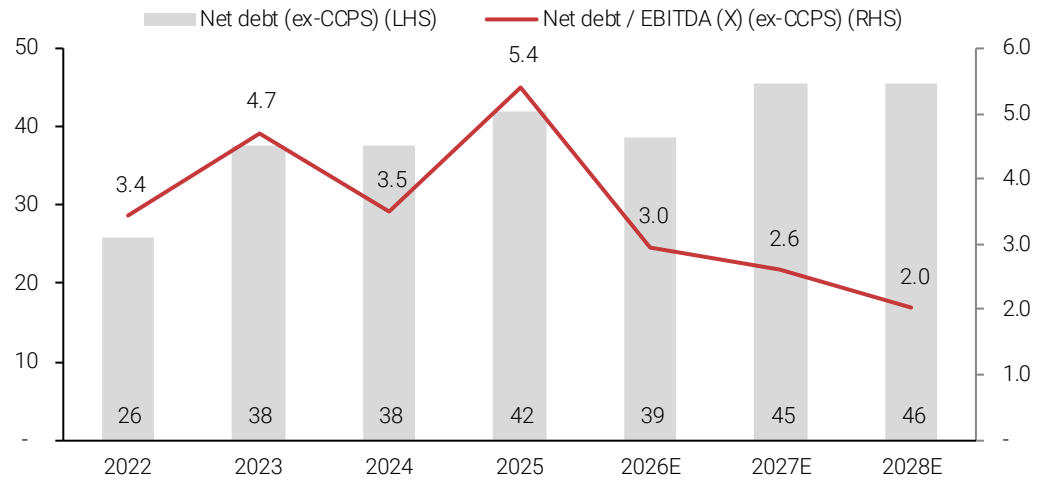
Exhibit 16: JSW Cement – OCF, capex and FCFF, March fiscal year-ends, 2022-28E



Source: Company, Kotak Institutional Equities estimates

We expect leverage to remain below 3X despite elevated capex

Exhibit 17: JSW Cement – net debt/EBITDA, March fiscal year-ends, 2022-28E



Source: Company, Kotak Institutional Equities estimates

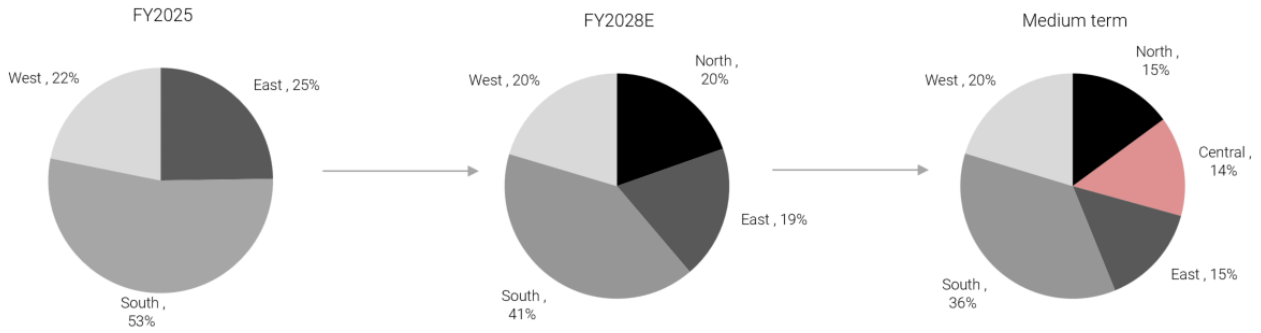
2

Capacity expansion—on track for pan-India presence

We expect JSW Cement to add 6.3 mtpa of greenfield capacity in north region over the next two years. This will ensure JCL's presence in 4/5 major regions by FY2028E. As of October 2025, it has a total grinding/clinker capacity of 21.6/6.4 mtpa, with a regional mix of 51%/28%/21% in the south/east/west regions. We expect the company to embark on another greenfield expansion in central region by the end of the decade, likely linked to ramp-up in north and balance sheet health. After this, JSW Cement will join the likes of UTCEM/ACEM in terms of a true pan-India presence.

We expect JSW Cement to diversify and become a pan-India player over medium term

Exhibit 18: Capacity mix evolution for JSW Cement



Source: Company, Kotak Institutional Equities estimates

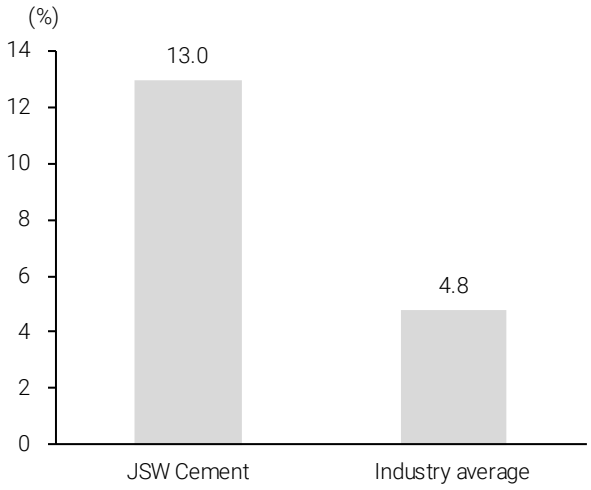
Company overview: Large regional player with 50%+ of total capacity in south

JSW Cement (JCL) primarily manufactures and sells various types of cementitious products comprising blended cement (which includes PSC and PCC), OPC and GGBS. As of October 2025, it has a grinding capacity of 21.6 mtpa consisting of 11/4.5/6.1 mtpa capacity in south/west/east regions along with clinker capacity of 6.4 mtpa of 1.3/2.8/2.3 mtpa in east/south/UAE, respectively.

JSW Cement has been the fastest-growing cement company over the last decade, albeit on a smaller base. The company has grown capacity/volumes at a CAGR of ~13%/17%, ahead of industry average of 4.8%/6.2%.

JCL has outperformed industry on capacity growth

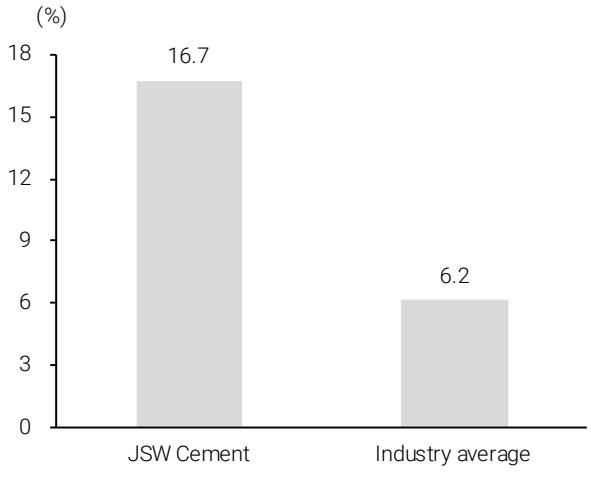
Exhibit 19: Capacity growth for JCL/industry over FY2015-25



Source: CRISIL, Kotak Institutional Equities

JCL has outperformed industry on sales growth

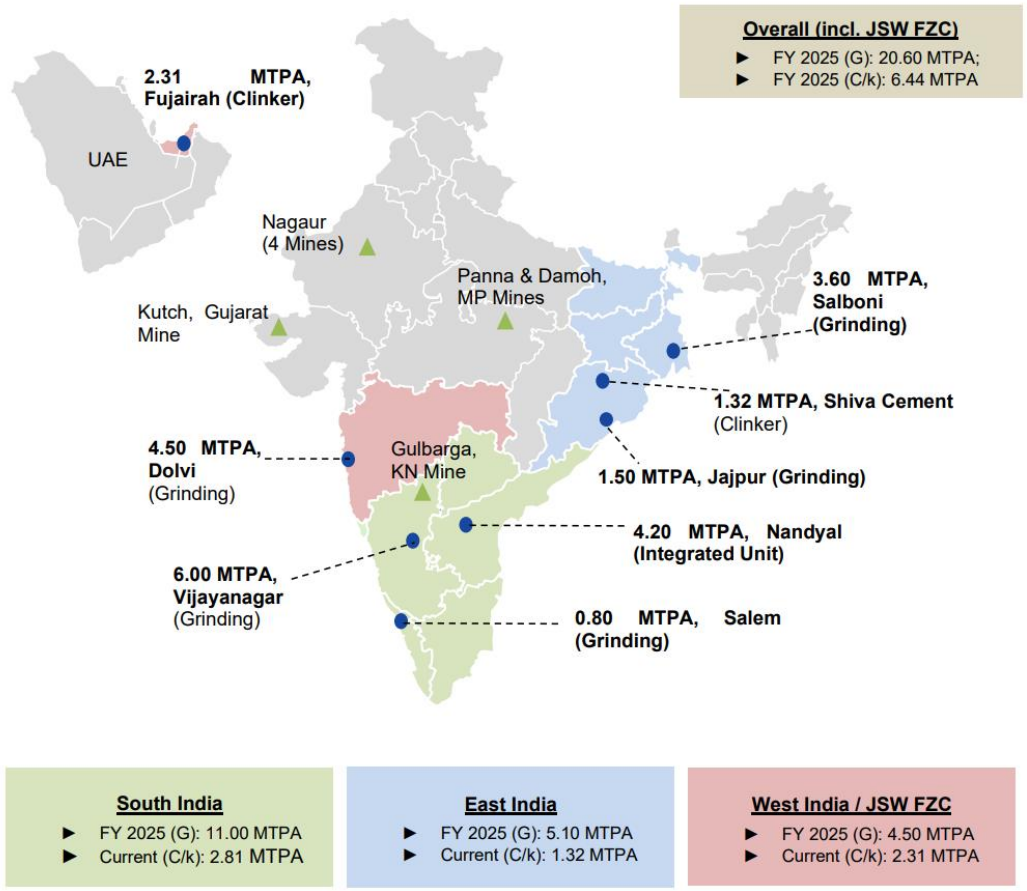
Exhibit 20: Sales growth for JCL/industry over FY2015-25



Source: CRISIL, Kotak Institutional Equities

JSW Cement has 20.6/6.4 mtpa grinding/clinker capacity as of FY2025

Exhibit 21: Operational footprint of JSW Cement, FY2025



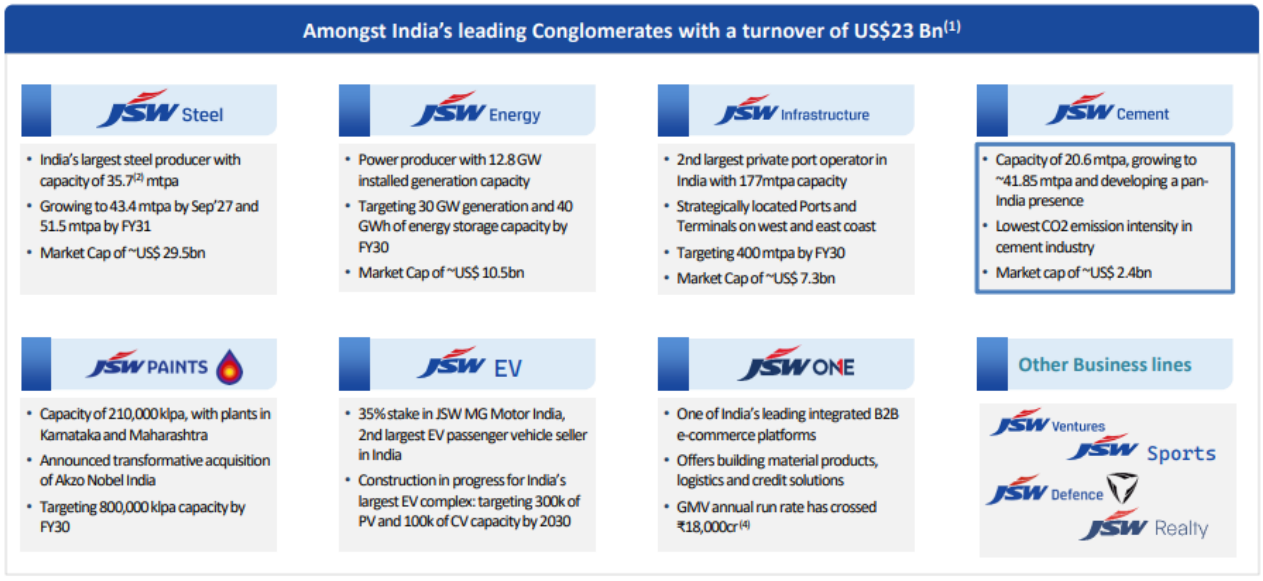
Notes:
(a) Additional grinding unit of 1 mtpa in Sambalpur (Odisha; east region) operationalized in Sep 2025, taking total capacity to 21.6 mtpa. The unit has been set up vide a commercial arrangement with BPSL, a group entity and subsidiary of JSTL.

Source: Company, Kotak Institutional Equities

The company is part of the JSW Group, a multinational conglomerate with a portfolio of diversified businesses across various sectors such as steel, energy, maritime, infrastructure, defense, business-to-business e-commerce, realty, paints, sports and venture capital.

JSW Cement: Linkages with multiple group entities including JSW Steel and JSW Power

Exhibit 22: JSW group: Summary of key entities



Source: Company, Kotak Institutional Equities

JSW Cement is the largest domestic producer of GGBS with a market share of 84% as of FY2025. Apart from cement and GGBS, the company also sells products such as clinker, RMC, screened slag, construction chemicals and waterproofing compounds.

JSW Cement derives ~40% of total volumes from clinker independent GGBS sales

Exhibit 23: Volume breakup for JSW Cement, March fiscal year-ends, 2022-25 (mn tons)

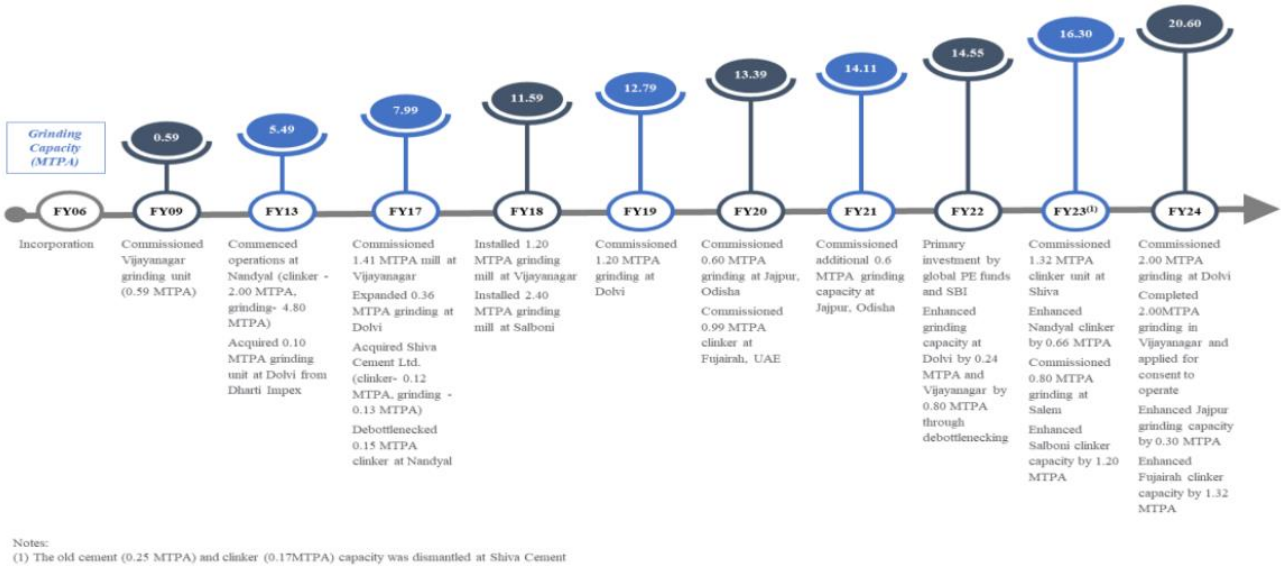
Particulars	2022	2023	2024	2025
Cement Volume Sold	5.6	5.7	6.9	7.1
Blended cement	4.6	4.8	5.1	4.6
OPC	1.0	0.9	1.9	2.5
Blended cement share (%)	82.3	84.4	73.2	64.9
GGBS Volume Sold	3.1	3.9	5.1	5.2
GGBS volumes (%)	32.3	36.7	40.5	41.0
Total Cement and GGBS	**8.7**	**9.6**	**12.0**	**12.3**
Clinker Volume Sold^	1.0	0.9	0.5	0.4
Total Volume Sold	**9.7**	**10.5**	**12.5**	**12.6**
Ready Mix Concrete Sales volume (mn M3)	0.3	0.4	0.4	0.6
Screened slag	0.5	0.5	0.3	0.0

^Total volume sold above includes clinker volume sold by JSW Cement FZC (UAE JV) to third parties of ~1/0.9 mn tons for FY2022/23 prior to deconsolidation from JSW group. Clinker volumes sold by JSW Cement in FY2024/25 do not reflect UAE JV volumes given deconsolidation from financial statements.

Source: Company, Kotak Institutional Equities

JSW Cement has a 15+ year track record in the cement sector

Exhibit 24: Capacity addition timeline for JSW Cement, FY2009-25



Source: Company, Kotak Institutional Equities

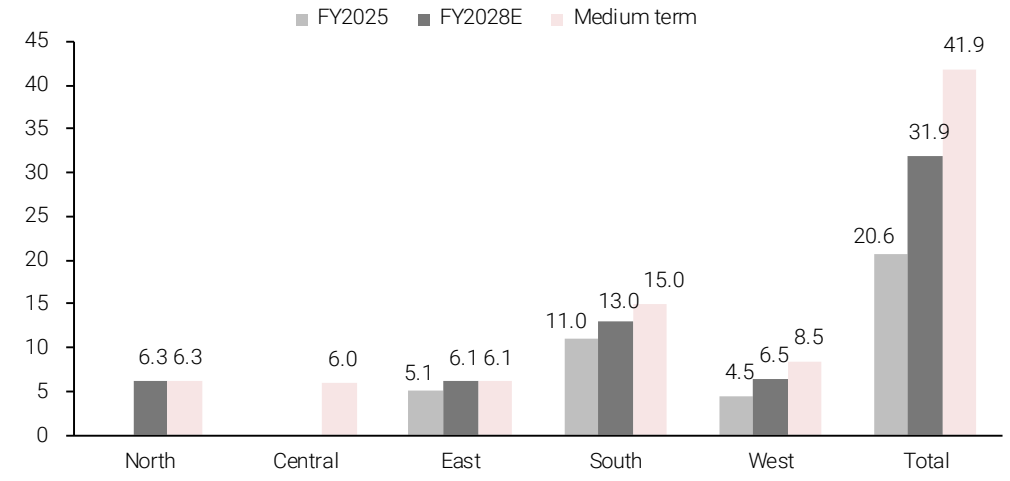
Planned expansions in north/central regions to establish pan-India presence

The company is in the midst of a 4–5-year expansion (greenfield + brownfield) across India, including north and central regions to increase grinding/clinker capacity to ~41.9/13 mtpa and create a pan-India footprint.

The first phase will involve setting up of a 2.5/3.3 mtpa grinding/clinker capacity integrated unit in Nagaur, Rajasthan. This will be followed by additional 1 mtpa brownfield grinding capacity in Nagaur, Rajasthan, along with 2.75 mtpa split grinding unit in Punjab to be served by the same clinker capacity. Along with a mix of brownfield expansions at other locations (Dolvi and Vijayanagar), we estimate total grinding capacity to reach 31.9 mtpa by FY2028E.

JSW Cement to add ~50% additional capacity over next three years

Exhibit 25: JSW Cement: Capacity expansion timeline (mtpa)



Notes:

(a) clinker capacity of 6.4 mtpa includes middle east clinker capacity not shown in exhibit above.

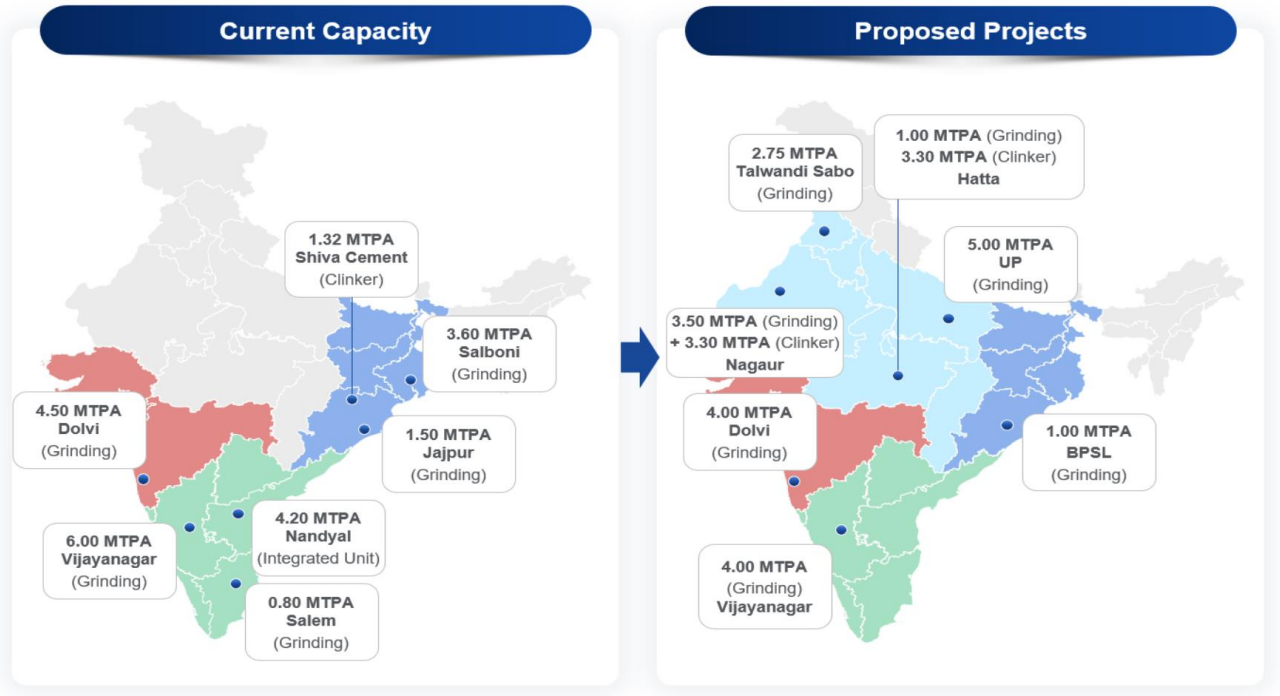
(b) Grinding unit of 1 mtpa in Sambalpur (Odisha; east region) operationalized in Sep 2025, taking total capacity to 21.6 mtpa.

Source: Company, Kotak Institutional Equities estimates

After the north region expansion, we expect the company to embark on another greenfield expansion in the central region by the end of the decade (FY2029/30E), likely linked to ramp-up in north and balance sheet health. This will propel JSW Cement into the league of true pan-India players, with sizable presence across regions.

We expect JSW Cement to establish a pan-India presence over next five years

Exhibit 26: JSW Cement: Current versus proposed projects, FY2025

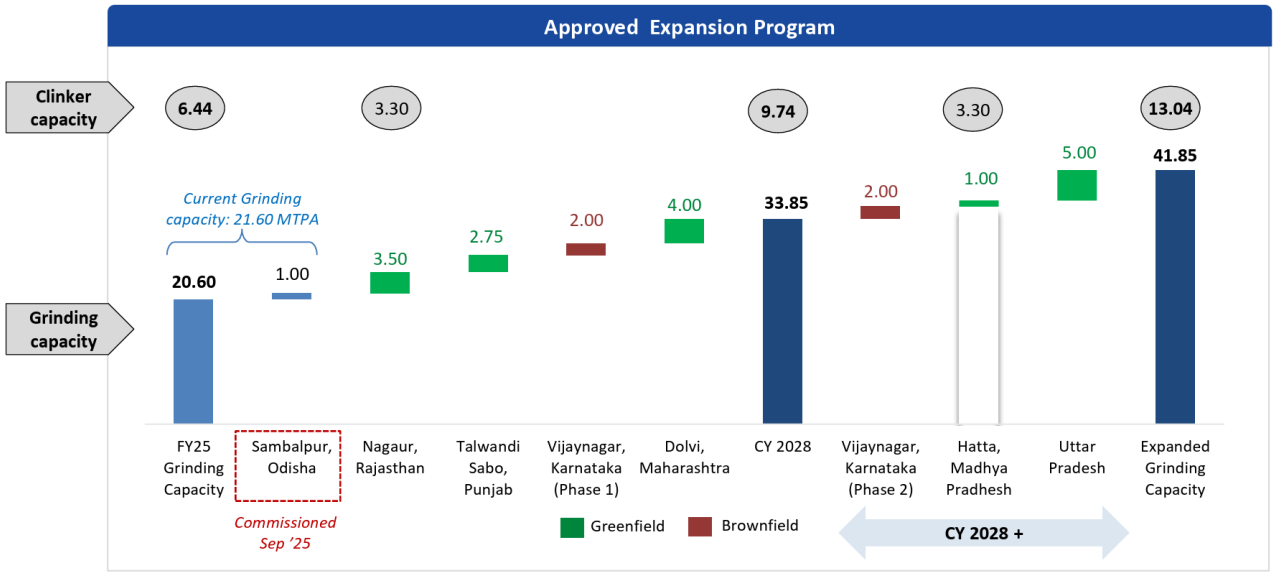


Notes:
(a) Clinker capacity of 6.4 mtpa includes Middle East clinker capacity not shown in exhibit above.

Source: Company, Kotak Institutional Equities

JSW Cement: Phase-1/2 expansions led by foray into north/central regions

Exhibit 27: JCL: Details of approved expansion plan



Notes:
(a) Clinker capacity of 6.4 mtpa includes Middle East clinker capacity not shown in exhibit above.

Source: Company, Kotak Institutional Equities

Planned expansions to double capacity over the medium term

Exhibit 28: Planned breakup of increase in capacity for JSW Cement over medium term, 1HFY26

				Proposed capacity additions	
Proposed plant location	**Region**	**Plant type**	**Expansion type**	**Clinker**	**Cement**
Current capacity as of 1HFY26				**6.4**	**21.6**
Nagaur, Rajasthan	North	Integrated Unit	Greenfield	3.3	3.5
Talwandi Sabo, Punjab	North	Grinding Unit	Greenfield		2.8
Vijayanagar, Karnataka	South	Grinding Unit	Brownfield		2.0
Dolvi, Maharashtra	West	Grinding Unit	Greenfield		2.0
Capacity by FY2028E				**9.7**	**31.9**
Vijayanagar, Karnataka	South	Grinding Unit	Brownfield		2.0
Dolvi, Maharashtra	West	Grinding Unit	Greenfield		2.0
Hatta, Madhya Pradesh	Central	Integrated Unit	Greenfield	3.3	1.0
Uttar Pradesh	Central	Grinding Unit	Greenfield		5.0
Total proposed capacity expansion				**6.6**	**20.3**
Total post-expansion capacity				**13.0**	**41.9**

Source: Company, Kotak Institutional Equities

The IPO for the company included a fresh issue/offer for sale (OFS) component of Rs16/20 bn. The company intends to use the fresh issue proceeds for (1) part financing cost of greenfield integrated cement unit at Nagaur, Rajasthan (Rs8 bn); (2) prepayment/repayment of a portion of certain outstanding borrowings of the company (Rs5.2 bn); and (3) general corporate purposes (balance).

Limestone availability provides strong growth visibility

The company has aggregate limestone reserves of 1,089 mn tons, with four operational mines in India (JSW Nandyal mine in Andhra Pradesh; two Khatkurbahal mines in Odisha; and the Kolkarhiya mine in Madhya Pradesh). In addition, it has the right to operate two limestone mines, which will be operationalized in due course (Mudhvay D mine in Kutch, Gujarat; and 3B2 mine in Nagaur, Rajasthan). The company also has letters of intent in relation to five limestone mines (3D1, 3C1 and 3C2 mines in Nagaur, Rajasthan; Pipariya Dhyandas mine in Madhya Pradesh; and Satunur mine based on a composite license in Gulbarga, Karnataka) for which it is in the process of obtaining mining licenses. Further, JSW Cement FZC has the right to mine one limestone mine in the UAE with a limestone residual reserve of 194 mtpa as of FY2025 which is currently operational.

JSW Cement has access to ~1.1 bn limestone reserves in India

Exhibit 29: Details of existing limestone mines, reserves and validity for JSW Cement

Mining Lease stage						
Mine	District/State	Mining Lease execution date	Mining Lease expiry date	Residual reserves: FY2025 (mn tons)	Type of mine	Auction premium
JSW Nandyal Mine	Nandyal, Andhra Pradesh	April 25, 2008	April 24, 2058	105	Captive	
Shiva -Khatkurbahal	Sundargarh, Odisha	January 15, 1992	January 14, 2042	57	Captive	
Shiva - Khatkurbahal (North)	Sundargarh, Odisha	November 17, 2022	November 17, 2072	18	Merchant	26
Fujairah	Fujairah, UAE	October 30, 2017	October 29, 2042	194	Merchant	
Kolkarhiya	Panna district, MP	October 13, 2015	October 13, 2065	139	Captive	acquired from ICEM
Mudhvay D	Kutch, Gujarat	December 19, 2022	December 19, 2072	113	Merchant	35
3B2	Nagaur, Rajhasthan	April 12, 2023	April 12, 2073	145	Merchant	60
Letter of Intent stage (LoI)						
Mine	District/State	LoI date	LoI validity period (years)	Residual reserves: FY2025 (mn tons)	Type of mine	Auction premium
3D1	Nagaur, Rajhasthan	June 30, 2023	three	158	Merchant	42
3C1	Nagaur, Rajhasthan	November 15, 2022	three	168	Merchant	130
3C2	Nagaur, Rajhasthan	November 15, 2022	three	130	Merchant	50
Pipariya Dyandas	Damoh, Madhya Pradesh	January 7, 2025	three	56	Merchant	115
Satunur (composite license)	Gulbarga, Karnataka	Composite Licence Deed executed on October 10, 2023 with validity till October 9, 2026	Mining lease application shall be submitted within 3 years (October 9, 2026)		Merchant	47
Total limestone residual reserves in India				**1,089**		
Total limestone residual reserves in Fujairah				194		
Total limestome reserves (mn tons)				**1,283**		

Source: Company, Kotak Institutional Equities

Company has begun taking steps for such expansion plans such as securing mining leases, acquiring the necessary land and obtaining regulatory clearances. To support the proposed expansion of integrated units (Hatta, Nagaur), JSW Cement has executed two mining leases (3B2, Rajasthan and Kolkarhiya, Madhya Pradesh) and has received letters of intent with respect to four mines (3D1/3C1/3C2 in Rajasthan and Pipariya Dhyandas in Madhya Pradesh).

Rajasthan expansion: 3B2 limestone mines has been granted EC

Exhibit 30: Status of land acquisition and regulatory clearances for JSW Cement plants, March 2025

Plant location	Region	Mines	Residual reserves (mn tons)	Mining plan	Land acquisition (acres)	EC	Mining lease
Nagaur, Rajasthan	North	3B2	145	Approved	252	Granted	Executed
		3D1	158	Approved	At letter of intent stage		
		3C1	168	Approved			
		3C2	130	Approved			
Hatta, Madhya Pradesh	Central	Kolkarhiya	139	Approved	509	Granted	Executed
		Pipariya Dhyandas	56	Approved	At letter of intent stage		

Source: Company, Kotak Institutional Equities

Since the premium associated with the auctioned mines is substantial, cost of limestone for JSW Cement may be higher versus that of existing players with non-auctioned mines in Rajasthan. We expect an impact of ~Rs300/ton for cement manufactured from the Rajasthan plant, based on EC approvals in place for the 3B2 mines.

Limestone cost from EC approved mine in Rajasthan is ~Rs300/ton higher for JCL

Exhibit 31: Status of land acquisition and regulatory clearances for JSW Cement plants, March 2025

Mine	District/State	Residual	Final bid (%)	Auction premium
Mudhvay D	Kutch, Gujarat	112.7	35.0	171
3B2	Nagaur, Rajhasthan	144.6	60.1	294
3D1	Nagaur, Rajhasthan	158.0	41.6	203
3C1	Nagaur, Rajhasthan	168.5	130.1	636
3C2	Nagaur, Rajhasthan	129.7	50.1	245
Satunur (composite license)	Gulbarga, Karnataka	NA	47.2	231

Notes:
(a) Calculations based on Sep-2025 IBM published prices for cement grade limestone.

Source: Company, Kotak Institutional Equities estimates

To partly mitigate higher limestone costs, the company has access to a few incentives at the state level. While the company may have access to these incentives basis policies in place, the exact details will only be available once the respective plants are operationalized, and the company has applied/received approval for incentives from the respective state.

State level incentive schemes to partly mitigate impact of higher limestone costs in Rajasthan/Punjab

Exhibit 32: Details of state-level incentive schemes applicable for JSW Cement's investments

Region	Incentive scheme
Rajasthan	Capital subsidy at 25% of investment (upto Rs6.5 bn) subject to predefined annual limits during 10 years as per Rajasthan Investment Promotion Scheme. Limits of a) Rs500 mn (years 1-3), b) Rs650 mn (years 4-7) and Rs800 mn (years 8-10). These incentives would be agnostic wrt place of sales and/or GST rates.
Punjab	75% of SGST rebate for 7 years, limited to 100% of fixed capital incentives. Total incentive amount estimated by company at ~Rs3.7 - 4 bn.
Odisha	Ongoing incentive for Jajpur plant estimated at Rs250 mn annually till FY2028. No incentives at other plants.

Source: Company, Kotak Institutional Equities estimates

Land for the north region expansion has been acquired, along with receipt of Environmental Clearance (EC) and Consent to Establish (CTE).

JSW Cement has been granted EC for Rajasthan expansion

Exhibit 33: Status of land acquisition and regulatory clearances for JSW Cement plants, March 2025

Proposed plant location	Region	Plant type	Land	EC	CTE
Nagaur, Rajasthan	North	Integrated Unit	Acquired	Granted	Granted
Talwandi Sabo, Punjab	North	Grinding Unit	Acquisition in progress	Applied	To be applied
Sambalpur, Odisha	East	Grinding Unit	Proposed to be leased by Shiva Cement^	To be applied	To be applied
Vijayanagar, Karnataka	South	Grinding Unit	Proposed to be leased by JSW Cement from JSW Steel	Applied	To be applied
Dolvi, Maharashtra	West	Grinding Unit	Identified, to be acquired	To be applied	To be applied
Hatta, Madhya Pradesh	Central	Integrated Unit	326.57 acres	Applied	To be applied
Uttar Pradesh	Central	Grinding Unit	Location to be finalised	To be applied	To be applied

^on BPSL land. BPSL has received EC/CTE for plant. Plant/regulatory clearances proposed to be transferred to JCL by BPSL.

Source: Industry, JSW Cement, CRISIL Research, Kotak Institutional Equities

The company intends to continue to complete these long-lead items across all proposed plant locations in line with the long-term strategy to reach an aggregate capacity of 60 mtpa.

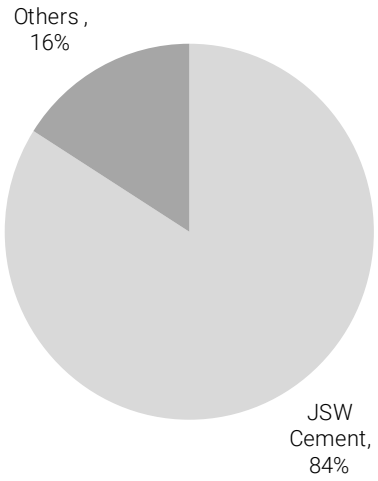
3

GGBS: Leadership in niche, fast-growth, high-margin segment

JSW Cement is India's largest manufacturer of GGBS, with ~84% market share in FY2025, and ~40% of total external volumes. A niche high-growth product, GGBS is manufactured from slag and commonly used as a substitute for cementitious products in concrete mixes. We expect GGBS demand to grow in mid-double digits over FY2025-28E given cost advantages, low penetration and favorable characteristics. The company has long-term contracts with group entity JSW Steel (JSTL), India's largest steel company, for slag procurement. It also gains from proximity to JSTL plants, minimizing freight costs. We estimate substantially higher margins for GGBS segment at ~Rs1,400/ton given absence of high-cost clinker-making process.

JSW Cement is the largest player in emerging GGBS segment

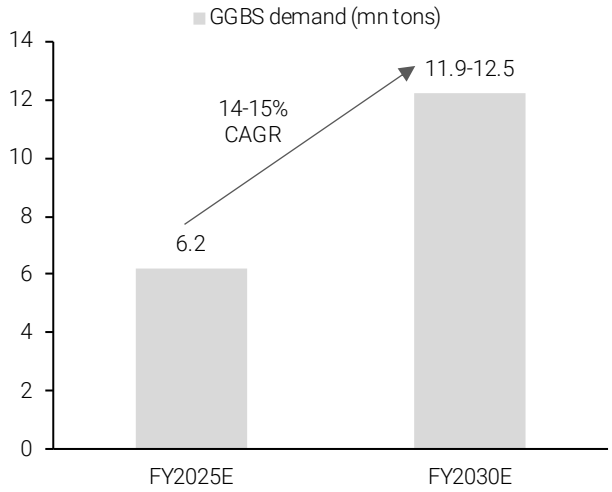
Exhibit 34: Market share of GGBS players in India, FY2025 (%)



Source: CRISIL Intelligence, Company, Kotak Institutional Equities estimates

We expect GGBS demand growth at ~15% over coming years

Exhibit 35: GGBS demand estimates (mn tons)



Source: CRISIL Intelligence, Industry, Kotak Institutional Equities estimates

JSW Cement is the largest GGBS player

JSW Cement has a market share of 84% in GGBS with a sales volume of ~5.2 mn tons in FY2025. GGBS is manufactured from BF slag, a byproduct from the steel manufacturing process. The company has agreements to procure slag from JSW Steel, which provides it with a distinct sourcing advantage.

GGBS demand to grow as concrete use becomes more widespread

We expect demand for GGBS to grow with RMC (ready mix concrete) demand from increasing urbanization. Indian RMC industry is expected to grow at a CAGR of 9-10% from FY2025-30E, which in turn will increase the demand for OPC and GGBS, which are key components of RMC.

GGBS is one of the most effective replacements for OPC and fly ash in concrete manufacturing (annexure III), which should increase its demand with more awareness of GGBS' benefits among decision makers and certifying authorities. We believe that JSW Cement will undertake market expansion efforts for GGBS given (1) higher share in overall product mix, (2) superior margins and (3) strong slag sourcing moat.

To boost GGBS sales volumes, JSW Cement collaborates with RMC customers to optimize mix designs and increase the proportion of GGBS in their RMC mixes. An increase in GGBS proportions leads to reduced RMC costs for customers, increased flexural strength and durability (details in annexure III), reduced life cycle repair and maintenance costs and greener RMC. JCL continues to engage in R&D to explore the use of GGBS in newer applications.

JSW Cement's market interactions suggest that GGBS has a replacement potential of 25-70%, based on the required application. For example, in case of foundations of high-rise buildings, the replacement can be as high as 60-65%, whereas for surfaces above the ground, the replacement can be at 40-50%. The industry uses GGBS across concrete grades, as per the mix design requirements.

Demand for GGBS is set to grow on market expansion

Exhibit 36: GGBS: Growth enablers and strategies

Growth Enablers

1. **Multi-year supply contracts**
   Secured the slag output from JSW Steel plants in South & West India; similar contracts with JSW Steel and other steel producers in East India
2. **Co-location with JSW Steel**
   Grinding Units in South & West India co-located with JSW Steel plants, minimizing inward logistic costs of slag
3. **Regulatory certifications in place**
   From all relevant regulatory bodies, allowing GGBS usage in RMC for building roads, metro, airports, railway bridges etc.
4. **R&D led new product launches**
   Microfine GGBS with applications in precast and high performance concrete

Growth Strategies

1. **Continue to increase number of customers**
   Increase customer base within existing markets (Tier 1 cities)
   Expand into newer areas, as RMC sector penetration increases in Tier 2 cities
2. **Increase GGBS usage within existing customer base**
   OPC replacement by GGBS within RMC is on uptrend; continuous customer education aiding the shift
3. **Advisory & testing services**
   Concrete testing labs offering concrete mix design, testing and investigation services
   Techno-commercial team to advise customers about optimal GGBS usage

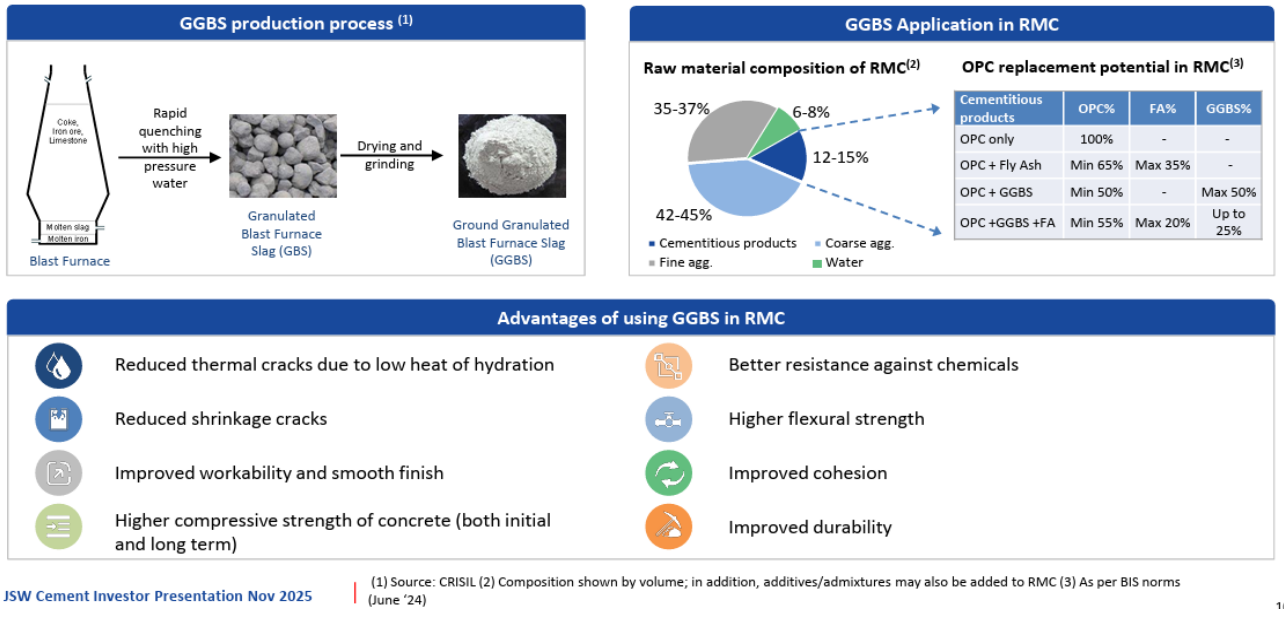
GGBS is Widely Adopted Across Major Customer Categories

- Large EPC players
- Commercial RMC Producers
- Residential Developers
- Govt. agencies (Infra projects)

Source: Company, Kotak Institutional Equities

GGBS: Summary of key features and use cases

Exhibit 37: Production process, applications and key advantages of GGBS



Source: Company, Kotak Institutional Equities

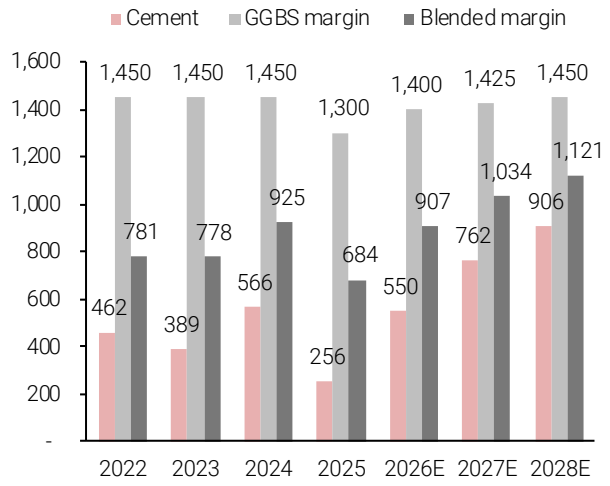
GGBS cushions JSW Cement from cyclical nature of industry

We estimate margins of ~Rs1,400-1,500/ton for GGBS over FY2025-28E. These margins are substantially higher versus cement, primarily led by (1) absence of clinker making process (and limestone dependence), (2) lower cost structure (slag is a waste product in the traditional steel making process) and (3) lower slag transportation costs due to plant locations.

We expect these advantages to be sustained, as the company expands its grinding capacities in vicinity of JSTL's steel plants. However, the proportion of GGBS sales in total sales for the company will gradually trend downwards over the longer term as the company expands in regions (north/central) where slag access is a constraint.

We estimate GGBS margins to be substantially higher

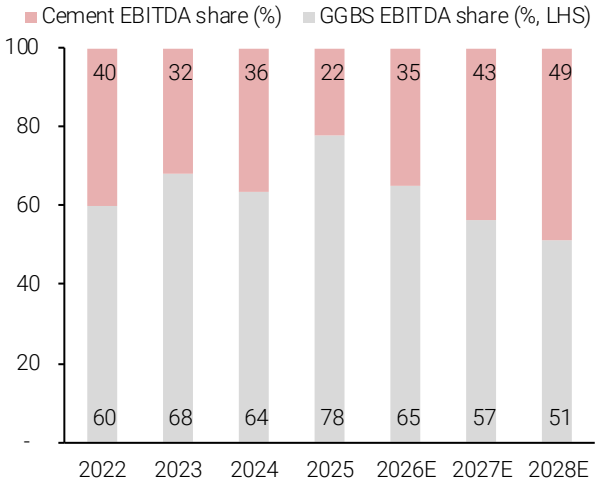
Exhibit 38: JCL – KIE estimates for GGBS/cement margins, FY2022-28E



Source: Company, Kotak Institutional Equities estimates

EBITDA share from cement to inch up post north region capex

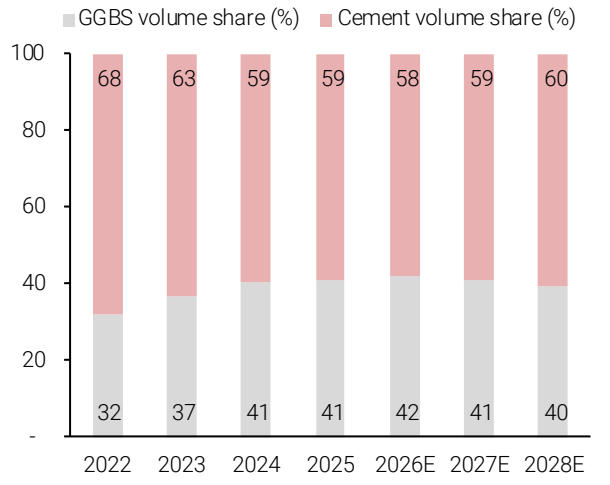
Exhibit 39: JCL – KIE estimates of EBITDA share, FY2022-28E



Source: Company, Kotak Institutional Equities estimates

JCL has high share of GGBS in total sales

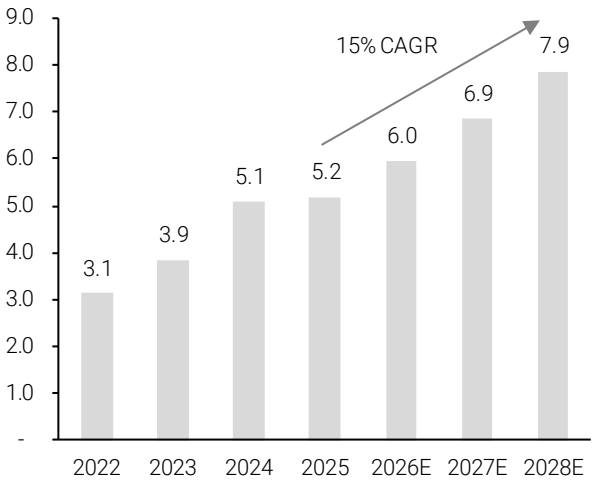
Exhibit 40: JCL – GGBS/Cement volume share, FY2022-28E



Source: Company, Kotak Institutional Equities estimates

We expect GGBS sales to grow at robust pace

Exhibit 41: JCL –GGBS volumes, FY2022-28E (mn tons)



Source: Company, Kotak Institutional Equities estimates

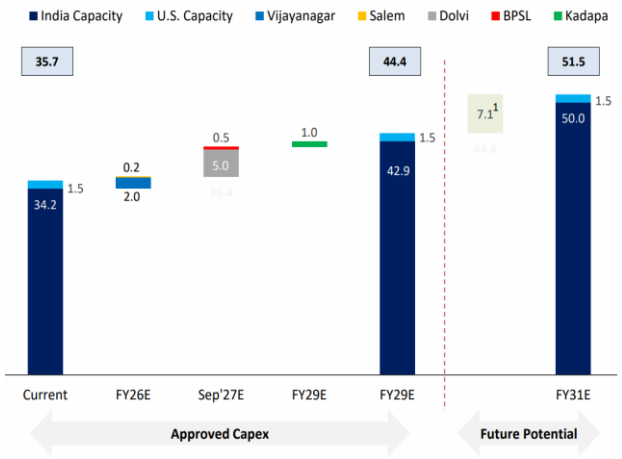
Slag sourcing advantage is hard to replicate

JSW Cement benefits from synergies with the long established 'JSW' brand. The company sources slag from JSW Steel, India's largest steel company. Slag access provides a crucial differentiator to product portfolio; the company optimizes for lower slag freight costs by locating its plants strategically in vicinity of JSW Steel's plants. We believe this crucial aspect makes it hard for a competitor to source slag at a more competitive cost.

JSTL is expanding its steel capacities in Vijayanagar (incremental 2 mtpa capacity by the end of FY2026) and Dolvi (incremental 5 mtpa capacity by the end of September 2027) among other locations. We expect JCL to add additional brownfield grinding capacities at these locations in sync with steel capacity additions by JSTL. We expect grinding capacity additions of 2/2 mtpa in Vijayanagar/Dolvi by FY2028E, with further expansions at these locations by end of this decade.

JSTL's growth capex to ensure capacity leadership

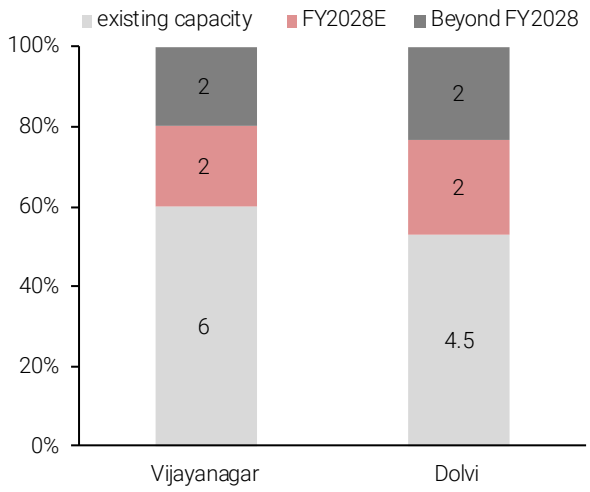
Exhibit 42: JSTL: Growth capex plan, FY2025-29E



Source: JSW Steel, Kotak Institutional Equities

We expect JCL to add capacities in sync with JSTL capex

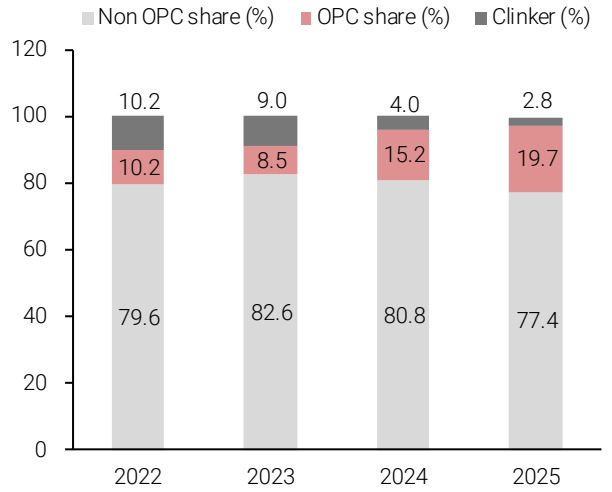
Exhibit 43: JCL: Growth capex plan in Dolvi/Vijayanagar



Source: Company, Kotak Institutional Equities estimates

Green cement forms ~75%-80% of JCL's volumes

Exhibit 44: Product mix for JSW Cement, FY2022-25

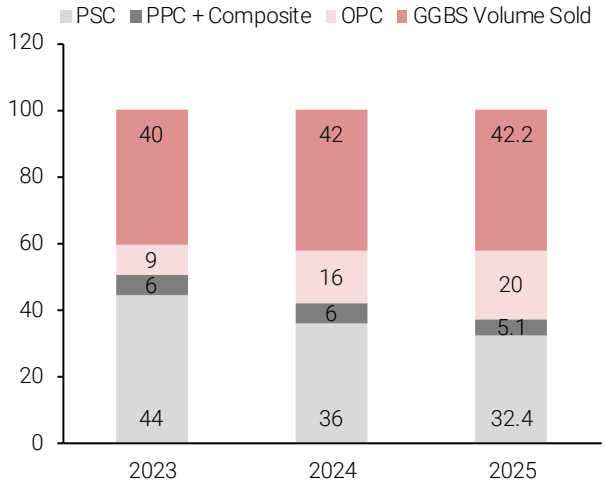


Notes:
(a) Non-OPC includes GGBS, PSC, PPC, PCC and other cement sales.

Source: Company, Kotak Institutional Equities

Slag dependence is high in JCL's product portfolio

Exhibit 45: JCL – sales volume mix (ex-clinker), FY2022-25 (%)

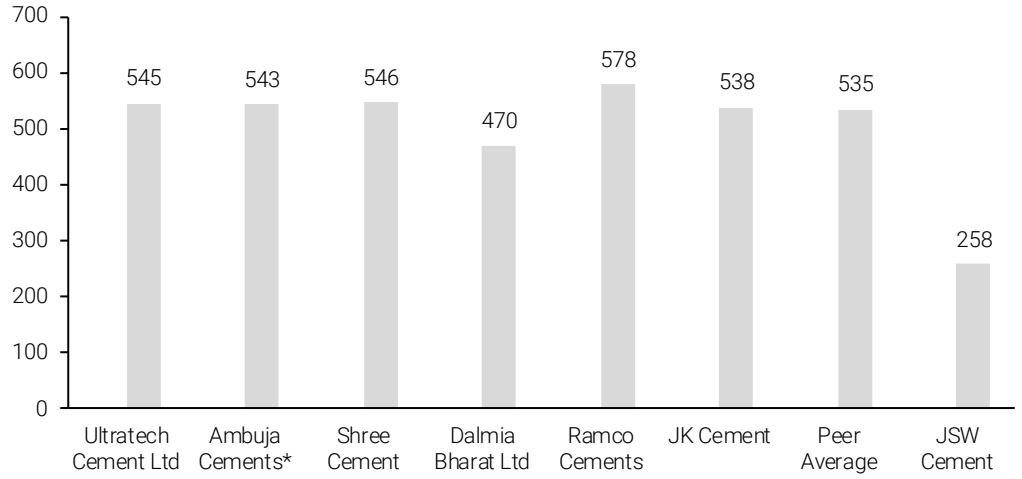


Source: Company, Kotak Institutional Equities

Green cementitious products, which includes GGBS, PSC, PCC and others, form 77% of total sales volume for JSW Cement as of FY2025. On the back of this, the company has the lowest CO_2 emission intensity among peers in India with 258 kg/ton emissions for FY2025.

JSW steel has the lowest emission intensity compared to peers

Exhibit 46: Total CO_2 emissions in kg/ton of cementitious material for Indian companies, FY2025 (kg/ton)



Source: CRISIL, Company, Kotak Institutional Equities

Most of the company's plants are located in vicinity to steel plants

Exhibit 47: Sources of slag for JSW Cement plants, FY2025

Plant	Source(s) of blast furnace slag	Distance from the plant (in km)	Inbound transportation
Vijayanagar	JSW Steel Limited plant located in Vijayanagar,	7	Road
Nandyal	JSW Steel Limited plant located in Vijayanagar,	237	Rail and road
Salem	JSW Steel Limited plant located in Salem, Tamil	2	Road
Dolvi	JSW Steel Dolvi works located in Dolvi, Maharashtra	1	Overland belt conveyor
Salboni	Third party steel plant, Kalinganagar, Odisha	280	Rail
	Third party steel plant, Jamshedpur, Jharkand	163	Rail
	BPSL plant, Sambalpur Odisha	447	Rail
Jajpur	Third party steel plant, Kalinganagar Odisha	13	Road

Source: Company, Kotak Institutional Equities

JSW Cement sources slag from JSW Steel and its subsidiaries (JVML, BPSL) under long-term contracts of five years each. Under the terms of these agreements, slag is supplied to JSW Cement at a fixed rate with annual revisions based on wholesale-price index and export price parity.

For JSW Steel and JVML, JCL has agreed to purchase the entire inventory of slag generated at their steel plants. For BPSL, JCL has agreed to purchase a monthly minimum quantity of steel produced at its steel plant. Failure to purchase the specified quantities of slag under the contracts will require JSW Cement to monetarily compensate an amount equal to the sale price per ton for the slag not purchased.

A small proportion of slag purchases are also made from third parties. JCL sources slag from two major steel producers in east region with contracts of 1/5 years, with the latter renewable for another 5 years on same terms. The pricing is on a fixed rate, subject to mutually agreed revisions or at the end of a specified period. With these third-party steel producers, JSW Cement has agreed to a minimum quantity and frequency of supply, with detailed specifications and quality norms.

JSW Cement: 90%+ of slag requirements met through JSW Steel in recent years

Exhibit 48: Sources of BF slag and key consumption parameters, March fiscal year-ends, 2023-25 (%)

Source(s) of Blast furnace(BF) slag	2023	2024	2025
From JSW Steel Limited through contracts	**88.8%**	**90.9%**	**92.9%**
From third-party steel producer through contracts	10.4%	8.1%	5.9%
From other sources at spot rates	0.8%	1.0%	1.2%
Blast Furnace(BF) slag consumption parameters			
Volume of BF slag consumed^ (mn tons)	7.1	8.4	8.2
Cost of BF slag consumed (Rs mn)	3,727	4,665	4,893
Cost/ ton of BF slag	526	557	597
Cost as % of revenues	6.4%	7.7%	8.4%

^net of handling/moisture losses

Source: Company, Kotak Institutional Equities

GGBS demand is concentrated in west/south regions

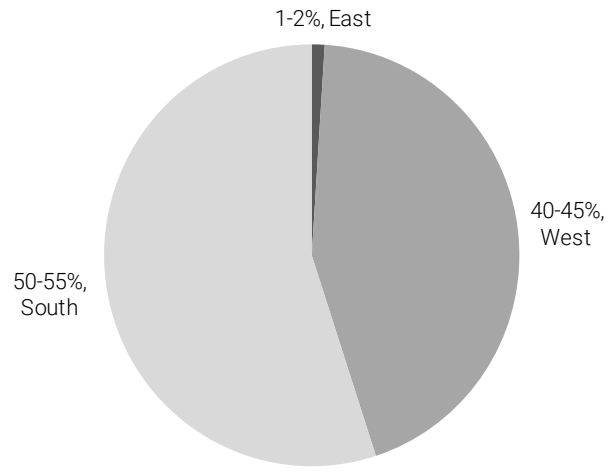
Availability of blast furnace slag is majorly concentrated in southern and eastern India. Hence, southern India consumes more than half of the total GGBS consumed in the country. Western India is the second largest GGBS consumer. The eastern region is at a nascent stage of adopting GGBS, with the cost of alternatives being much cheaper in the region. There is no production and consumption of GGBS in northern India owing to the absence of availability of blast furnace slag. List of infrastructure projects using GGBS provided in Annexure IV.

GGBS is commonly used as a cementitious material in blended cement as a replacement for Portland cement (OPC) in concrete production. Major applications of GGBS include (1) Commercial RMC (35-40% of demand) and (2) project and captive consumption (60-65% of demand), accounting for a lion's share of total demand in FY2025.

Soil stabilization, AAC (autoclaved aerated concrete), grout, dry mix products, microfine GGBS and geopolymers are some of the upcoming applications of GGBS.

GGBS demand stems primarily from west/south regions

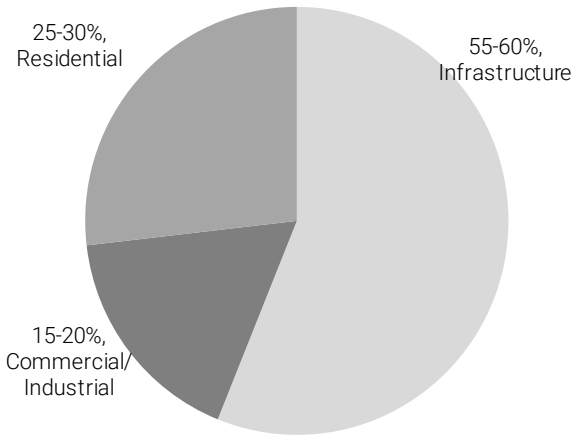
Exhibit 49: Region wise split of GGBS demand, FY2025 (%)



Source: CRISIL Research, Industry, Kotak Institutional Equities

Infrastructure is the largest end use industry for GGBS

Exhibit 50: End-use segment-wise GGBS demand, FY2025 (%)



Source: CRISIL Research, Industry, Kotak Institutional Equities

4

Key risks—concentration, group dependencies and project execution

Key risks for JSW Cement include (1) dependence on JSW group entities; (2) unfavourable regional concentration; (3) competition from peers, who are less levered; (4) lack of marketable title for some of its land; (5) slower ramp-up in more margin accretive GGBS volumes; and (6) business development in new region—north/central region could be weaker during initial years and slower than management expectations.

- **Dependence on JSW Steel**. JSW Cement (the company) depends on JSW Steel for supply of blast furnace slag, which is a key raw material used to manufacture green cementitious products which includes GGBS and blended cement (PSC and PCC). JSW Steel was the supplier of ~82-93% of the company's slag requirements over FY2022-25 through contracts.

  Green cementitious products formed ~77%/81%/82%/80% of overall volumes of 12.6/12.5/10.5/9.7 mn tons for FY2025/24/23/22.

  A GGBS manufacturing agreement (Salem Agreement) with JSW Steel, requires JSW Steel to undertake the conversion of slag to GGBS at the Salem Unit in accordance with work orders issued by JSW Cement.

- **High regional concentration**. Three of the company's grinding units are in south region. Together, these constitute 51%/53% of installed grinding capacity as of 1HFY26/FY2025, with the balance capacities located in east and west India.

  The company is therefore exposed to economic growth in these regions, particularly south. Capacity utilization in the south region is the lowest among all regions.

- **Project risk**. The company's brownfield and greenfield expansion plans would increase its clinker/grinding capacity from current 6.4/21.6 mtpa to 13/41.9 mtpa over next few years. The company may be slower to ramp up greenfield capacities in new regions. Execution on large Rajasthan project in a new geography remains a key monitorable.

- **Substantial debt levels**. The company's net debt stands at ~Rs32.3 bn as of 1HFY26 after conversion of CCPS and debt repayment using part of IPO proceeds. Sizable growth capex of ~Rs20 bn annually over FY2026-28E will lead to negative free cash flow and only gradual reduction in leverage.

- **Market acceptance of GGBS.** GGBS contributes ~40% to total volumes as of FY2025 and we expect this share to gradually reduce as the company enters newer regions where slag is unavailable. However, slower-than-anticipated growth in higher-margin GGBS product, particularly in south/west regions could impact both volumes and margins for the company.

- **Downturn in end use sectors**. In the event of any future overall economic slowdown, adverse change in budgetary allocations across housing, infrastructure and industrial/commercial sectors, or any change in government policies or priorities, the company may face lower demand for its products.

- **The company may not have marketable title over some land**. JSW Steel was entitled to receive land on which the company's Vijayanagar plant is located from the Government of Karnataka. However, such acquisition was never effectuated.

  The High Court of Karnataka directed the Government of Karnataka to execute sale deeds in respect of such land in favour of JSW Steel Limited through its order in February 2024. Subsequently, JSW Steel Limited has undertaken to enter into a lease agreement with JSW Cement upon the execution of the sale deeds in its favour by the Government of Karnataka.

  Further, JSW Steel has agreed to transfer the ownership of Salem plant to JSW Cement, and enter into a lease agreement with JCL in respect of the land of which Salem plant is situated. This agreement is subject to approvals from MoEFCC; the ministry granted environmental clearance for Salem plant to JCL in May 2025. JCL has paid ~90% of advance for the total consideration of ~Rs1.3 bn to JSW Steel.

- **Possible conflict of interest from related parties**. The company is part of the JSW group, and has engaged/will continue to engage in transactions with group companies on an arm's length basis.

  This includes reliance on JSW Steel for land parcel leased in Vijayanagar, Dolvi and Salboni, apart from the Salem plant, which is currently operated by JSW Cement but owned by JSW Steel Limited. The company also depends on JSW Energy Limited for power supply to Nandyal, Vijayanagar and Salboni plants.

- **Brand fee payments**. The JSW trademark and brand is not owned by the company. If JSW IP Holdings Private Limited (JSWIPHPL; brand owner) withdraws, refuses to renew, or terminates the Brand Equity Agreement/FZC Agreement, the company will not be able to use the JSW Brand.

  JSW Cement (and its subsidiary JSW Green Cement as well as its JV JSW Cement FZC) pays a brand fee capped at 0.25% of standalone quarterly net turnover to JSWIPHPL. Payment of this brand fee is exempted in certain cases in case of losses. Royalty expenses for FY2023/24/25 stood at Rs87/103/132 mn.

- **Deconsolidation of JSW Cement FZC (JCF).** JSW Cement FZC, the source of clinker for the Dolvi plant, was a wholly owned subsidiary of the company till March 21, 2023. Effective March 22, 2023, the company reduced its equity interest in JCF, which became a joint venture with Aquarius Global Fund PCC. JSW Cement no longer consolidates JSW Cement FZC in its financials. As a result of this deconsolidation, FY2024/25 financials are not directly comparable with prior periods.

- **Competitive industry**. The cement industry is highly competitive, with top five players accounting for 62% of total market share as of FY2025. Over the past five years, the sector has witnessed an unparalleled surge in mergers and acquisitions, resulting in the transfer of 156-158 mtpa of capacity, of which 136-138 mtpa have been acquired by large players (capacity ≥ 30 mtpa). On the other hand, large players have installed only 93-95 MTPA of capacities via the organic route.

  In the face of intense competition, the company may not be able to maintain its market share.

- **State mining taxes.** The company is susceptible to the imposition of new mining-related royalties and/or taxes in states in which they operate. These additional taxes, if any, may lead to an increase in cost of production and subsequently lower profitability. For instance, the Government of Tamil Nadu has introduced the Tamil Nadu Mineral Bearing Land Tax Act, 2024 with effect from February 20, 2025, pursuant to which a tax of Rs160/ton has been imposed on land from which limestone is being extracted. The company does not have any mines in Tamil Nadu.

5

Financials: Higher volumes to form base for robust revenue/EBITDA growth

We bake in 20%/37% growth in revenues/EBITDA over FY2025-28E; strong growth is partly a result of depressed volume/realization base in FY2025 given existing regional mix. We bake in volume growth of 16% over FY2025-28E led by the company's greenfield expansion in Rajasthan. We expect the company to realize the benefits of its cost savings programs through a mix of (1) higher green power share, (2) reduction in lead distance, (3) higher AFR and (4) operating leverage over FY2025-28E. We forecast improvement in blended EBITDA from Rs684/ton in FY2025 to Rs907/1,034/1,121/ton in FY2026/27/28E on the back of better pricing, regional diversification, and cost improvements. Capex of ~Rs20 bn on an annual basis should keep FCF negative, but we expect the company to pace its expansion program to keep net debt/EBITDA below 3X at all times.

We bake in robust EBITDA growth on the back of improved volumes

Exhibit 51: JSW Cement – key assumptions, March fiscal year-ends, 2022-28E

	2022	2023	2024	2025	2026E	2027E	2028E
Capacity (mn tons)	**14.6**	**16.3**	**20.6**	**20.6**	**21.6**	**24.1**	**31.9**
Utilization (%)	67	64	61	61	66	69	63
Volumes (mn tons)	**9.7**	**10.5**	**12.5**	**12.6**	**14.2**	**16.7**	**19.9**
Growth (%)	–	8.4	19.2	0.9	12.3	17.8	19.2
GGBS	3.1	3.9	5.1	5.2	6.0	6.9	7.9
Other cement/clinker	6.6	6.7	7.4	7.5	8.2	9.9	12.0
Blended Realization (Rs/ton)	4,818	5,559	4,815	4,603	4,783	4,934	5,089
Growth (%)	–	15.4	(13.4)	(4.4)	3.9	3.2	3.2
Blended EBITDA (Rs/ton)	**781**	**778**	**925**	**684**	**907**	**1,034**	**1,121**
Growth (%)	–	(0.4)	18.9	(26.1)	32.6	14.0	8.4
Cost/Ton	4,037	4,781	3,890	3,919	3,876	3,900	3,968
Revenues (Rs mn)	46,686	58,367	60,281	58,131	67,841	82,448	101,370
EBITDA, ex-JV (Rs mn)	**7,569**	**8,168**	**11,579**	**8,638**	**12,863**	**17,275**	**22,328**

Source: Company, Kotak Institutional Equities estimates

Revenues to grow at 20% over FY2025-28E on planned capacity additions

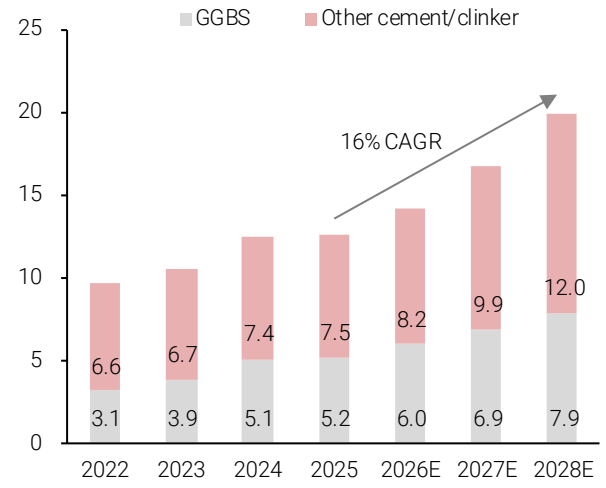
We expect revenues to grow at a CAGR of 20% over FY2025-28E driven largely by higher volumes and partly by better realizations. We build in blended volume growth of 16% yoy, driven by (1) recovery in cement volumes on a weak FY2025 base (flat yoy) and (2) higher grinding capacity, which will grow at 16% CAGR over FY2025-28E.

We also build in an increase in blended realization by 3.4% CAGR over FY2025-28E on a low FY2025 base on the back of a recovery in prices in the key south region.

We expect GGBS growth to remain robust, and build in 15% CAGR for GGBS volumes over FY2025-28E. This will be a combination of higher steel capacity at JSW Steel (+7.3% CAGR over FY2025-28E) and improved market acceptance of GGBS in the non-trade channels. Cement/clinker sales are expected to grow even faster at a rate of 17% over FY2025-28E, as additional clinker-based capacity comes online via the company's foray into north region.

We forecast 16% CAGR in blended volumes over FY2025-28E

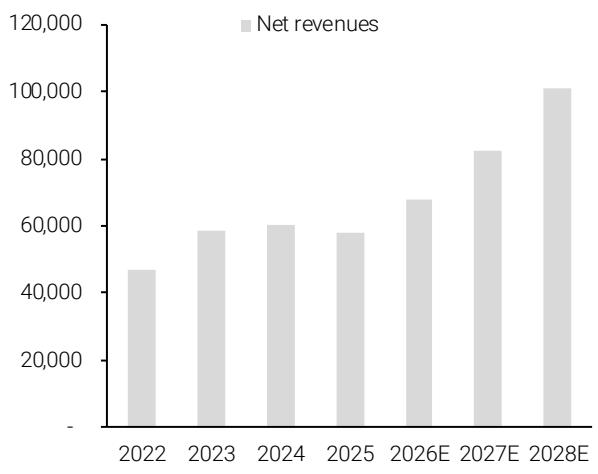
Exhibit 52: JCL – volumes, March fiscal year-ends, 2022-28E (mn tons)



Source: Company, Kotak Institutional Equities estimates

We expect 20% CAGR in revenues over FY2025-28E

Exhibit 53: JCL – net revenues, March fiscal year-ends, 2022-28E (Rs mn)



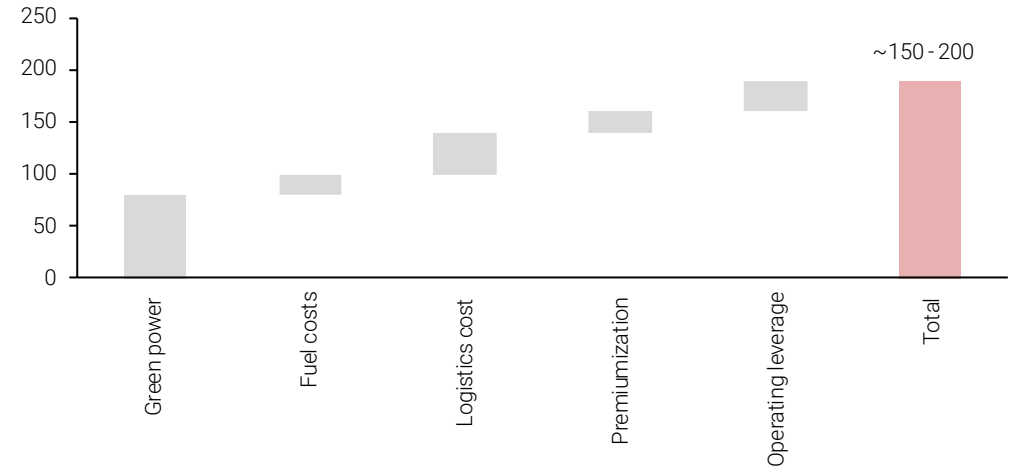
Source: Company, Kotak Institutional Equities estimates

Cost levers to aid margins

JSW Cement has embarked on a cost savings program of~Rs400/ton. The company has reached mid-way as of FY2025 and we estimate the balance ~Rs150-200/ton of cost saving to be realized over FY2026-28E. We expect the company to realize incremental cost reductions through a mix of (1) higher green power share, (2) higher AFR, (3) reduction in lead distance and (4) operating leverage. Further, group synergies (such as those with JSW Power) should propel higher green energy share throughout its operations.

We expect green power and logistics cost to yield bulk of incremental cost savings over FY2025-28E

Exhibit 54: Cost levers for JCL (Rs/ton)



Source: Company, Kotak Institutional Equities estimates

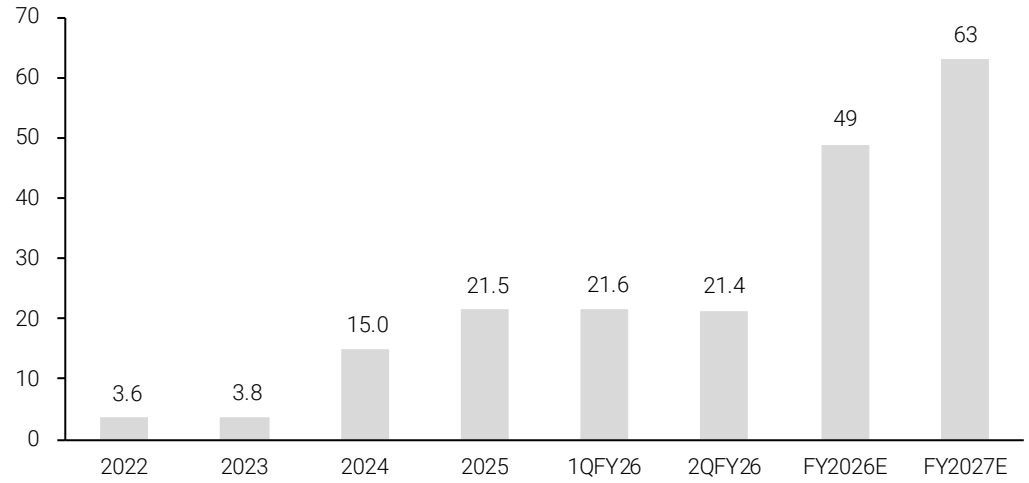
Green energy share to nearly triple versus current levels

JSW Cement depends on the supply of solar power at its Nandyal, Vijayanagar and Salboni plants to fulfil part of the power requirements, and intends to increase solar power usage across plants. Most of this additional green power will be in the form of power sourcing arrangements from group entity JSW Power.

We expect JSW Cement to (1) significantly scale up its wind/solar capacity to ~154 MW from current 27 MW at existing plants, (3) add additional 60 MW solar capacity at Rajasthan greenfield unit and (3) increase WHRS capacity by 19 MW to ~40 MW via addition of Rajasthan clinker capacity. These additions will help the company scale up green energy to meet ~63% of power requirements by the end of FY2027 (from ~21% currently).

Green power share to triple over next two years

Exhibit 55: Green power share for JSW Cement (India operations), March fiscal year ends, 2022-27E (%)



Notes:

(a) JSW Cement FZC sourced 100.00% of its power requirement from local electricity grids in FY2022-25.

Source: Company, Kotak Institutional Equities estimates

JCL sources solar power through long-term PPA with JSW Energy for its operations. The company plans to add renewable capacities through a combination of additional wind (92 MW) and solar (35 MW) capacities at existing plants, apart from solar/WHRS capacities of 60/19 MW at greenfield Rajasthan unit. Renewable power is expected to cost ~Rs4-5/unit of electricity versus ~Rs8-9/unit from grid sources, leading to substantial cost savings. We note that after expansion in green power capacity, the company's share of renewables will be in line with sector leaders.

We expect ~Rs80/ton cost savings from additional WHRS/solar/wind power

Exhibit 56: Green power share for JSW Cement (India operations), March fiscal year-ends, 2025, 28E (%)

Power cost components	FY2025	Rate/unit	share %	FY2028	Rate/unit	share %
Electricity (mn units)	609			960		100%
WHRS	77	0.9	12.7%	148	0.9	15%
Solar/Wind	54	4.5	8.8%	457	4.5	48%
Thermal	140	7.5	23.1%	140	7.5	15%
Grid	338	8.5	55.5%	215	8.5	22%
Unit cost (Rs/unit)	**7.0**			**5.3**		
Per ton cost (Rs/ton)	335			254		
Savings (Rs/ton)	**81**					

Source: Company, Kotak Institutional Equities estimates

WHRS power generation units were installed at Nandyal plant and Shiva Cement clinker unit in FY2024. We expect all future clinker units (including Rajasthan) to be built with WHRS power units.

Share of grid power has been reducing on ramp-up of green power

Exhibit 57: Power sources for JSW Cement (India operations), March fiscal year-ends, 2022-25

Source of power	2022	2023	2024	2025
Thermal power plants	34%	3%	24%	23%
Green power sourced from WHRS/solar power plants	**4%**	**4%**	**15%**	**21%**
WHRS power generation Units	0%	0%	8%	13%
Solar power plants	4%	4%	7%	9%
State electricity grids	**62%**	**93%**	**61%**	**55%**

Notes:
(a) JSW Cement FZC sourced 100.00% of its power requirement from local electricity grids in FY2022-25.

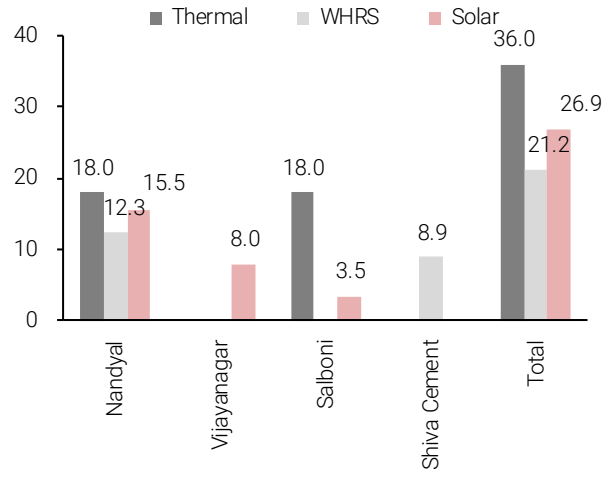
Source: Company, Kotak Institutional Equities

JSW Cement sources solar power through a long-term PPA with JSW Energy for its operations. For plants in Nandyal/Vijayanagar/Salboni, 15.5/8/3.5 MW was procured in FY2025.

JSW Cement has increased its alternate fuel share (AFR) from ~7-8% in FY2023/24 to ~12% as of 1HFY26. The company plans to increase this further in the range of 18-19% and expects an incremental cost reduction of ~Rs1/Mcal (versus blended Mcal cost) to accrue from the corresponding substitution.

Captive power has sizable thermal power in mix

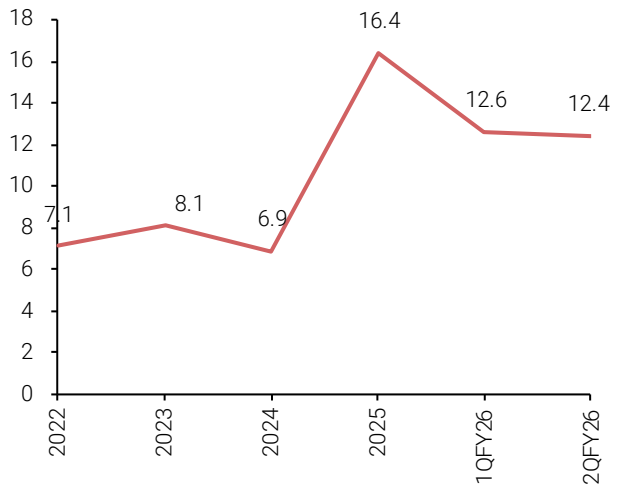
Exhibit 58: Break up of captive power for JSW Cement, FY2025 (MW)



Source: Company, Kotak Institutional Equities

Thermal substitution rate is on an uptrend

Exhibit 59: JCL – thermal substitution rate, FY2022-25, 1Q/2QFY26 (%)



Source: Company, Kotak Institutional Equities

Captive coal block to reduce fuel price volatility

In 2023, JSW Cement was declared the successful bidder to operate the Marwatola VI coal block in Madhya Pradesh (residual reserves of 30.03 mn tons). Under the terms of the coal block development and production agreement (March 2023), the company has been entitled to take possession of the Marwatola VI coal block and has been granted a prospecting license and mining lease by the government.

Currently, JSW Cement sources coal and petcoke from both domestic and international suppliers on a purchase order basis. The company may reduce exposure to the price volatility of imported coal and petcoke using captive energy sources such as the coal block. Once operationalised, captive coal block should reduce the price volatility in power and fuel costs for JCL.

Focus on lead distance optimization to reduce costs

Commissioning of BPSL grinding unit (Sep 2025) in east region would lead to freight cost savings on improved proximity to Shiva Cement clinker unit and market proximity. We expect ~Rs40/ton savings on freight costs to be led by a reduction in lead distance of ~10-15 km over next 18-24 months.

JSW Cement is also harnessing digitalization to boost service quality and ensure cost-effectiveness across its supply chain. This involves setting up a digital logistics control tower ("LCT") to oversee the entire order process from the receipt of orders to the delivery of products along with automated route and fleet optimisation.

The company's plants are well connected by road and/or rail to their respective raw material sources and key consumption markets. Dolvi/Jajpur plants are located at ~100/123 km from key consumption centres of Mumbai/Odisha respectively.

The company's grinding units are either co-located with steel plants of JSW Steel Limited or are well-connected by road and/or rail network to regional steel plants to ensure cost effective transportation of blast furnace slag.

Some of plants are also equipped with in-plant railway sidings (Vijayanagar, Salboni) while other plants are located in close proximity to public railway sidings (Nandyal, Shiva Cement clinker unit).

JSW Cement has access to slag/clinker at reasonable distances

Exhibit 60: JSW Cement: Key logistics parameters for plants

Plant	Access to slag/clinker/limestone	Mode of inbound transportation	Power Source	Fuel Source	Rail sidings	Primary markets
Nandyal IU	JSW Nandyal captive limestone mine - 1.6 km	Road	Thermal/solar power (third party), WHRS, grid power	imported coal^, domestic/imported petcoke, AFR	2 rail sidings at 30/35 km	AP, Telangana, Tamil nadu, Karnataka
Vijayanagar GU	from Nandyal (237 km) and JSW Steel (6.8 km)	Rail/Road	Thermal/solar power (third party)	fine coal from JSW Energy (~7 km)	in-plant siding	Telangana, Tamil nadu, Karnataka, Kerala, Maharashtra, Goa
Salem GU	from JSW Steel Salem (2.2 km)	Road	Grid power	Hot air from JSW Steel Sinter plant	No	Tamil nadu, Karnataka, Kerala
Dolvi GU	Imported from UAE and 3rd party suppliers	Sea*/Road	Grid power	BF gas/coke oven gas from JSW Steel	No	Maharashtra, Goa and Gujarat
Salboni GU	Shiva Cement limited (365 km)	Rail	Captive TPP, solar (third party), grid power	Domestic coal from traders	in-plant siding	West Bengal, Bihar, Jharkhand and Uttar Pradesh.
	Third party(TPT) steel plant, Jamshedpur/Kalinganagar - (280/163 km)	Rail				
	BPSL plant, Sambalpur Odisha (443 km)	Rail				
Jajpur GU	Shiva Cement limited (326 km); TPT BF Slag Kalinganagar (13 km)	Road	Grid power	Domestic coal from traders	No	Odisha
Shiva (clinker)	Leased captive mine (12 km)	Road	WHRS, Grid power	imported/domestic coal, AFR	2 rail stations at 21/18 km	Captive/Third party sales

Notes:

(1) ^imported via Krishnapatnam Port located 305 km away from Nandyal Plant.

(2) *imported from UAE via Dharamatar Jetty in Beneghat, Maharashtra. Located ~5 km from Dolvi plant.

Source: Company, Kotak Institutional Equities

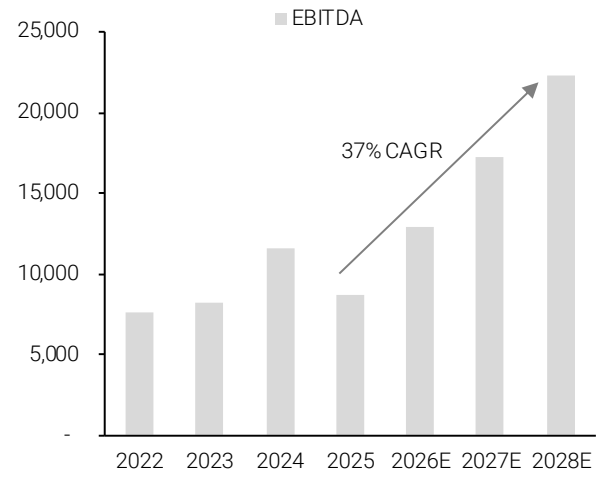
Besides these cost heads, the company aims to increase realizations by through a mix of higher trade share and premium sales for cement. Trade share (for cement) for the company stood at ~52% for 1HFY26, with premium share at ~57%. All GGBS segment sales are through the non-trade channel.

Growth capex to impact FCF and leverage

We expect EBITDA to grow at 37% CAGR over FY2025-28E on a weak FY2025 base. Normalized for this, we bake in EBITDA/PAT growth of 18%/45% over FY2024-28E. Sizable capex requirements of ~Rs20 bn annually over next three years should lead to negative free cash flow, albeit on a declining trend over FY2025-28E. Improved internal accruals on ramp-up in capacities, coupled with roughly similar annual capex requirements, will lead to a gradual decline in net debt/EBITDA from 2.9X in FY2026E to 2X in FY2028E.

We expect 37% CAGR in EBITDA over FY2025-28E

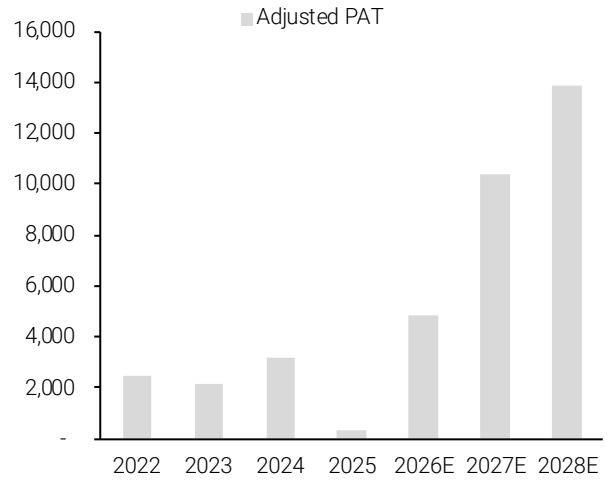
Exhibit 61: JCL – adjusted EBITDA, March fiscal year-ends, 2022-28E (Rs mn)



Source: Company, Kotak Institutional Equities estimates

We expect adjusted PAT to grow substantially on low base

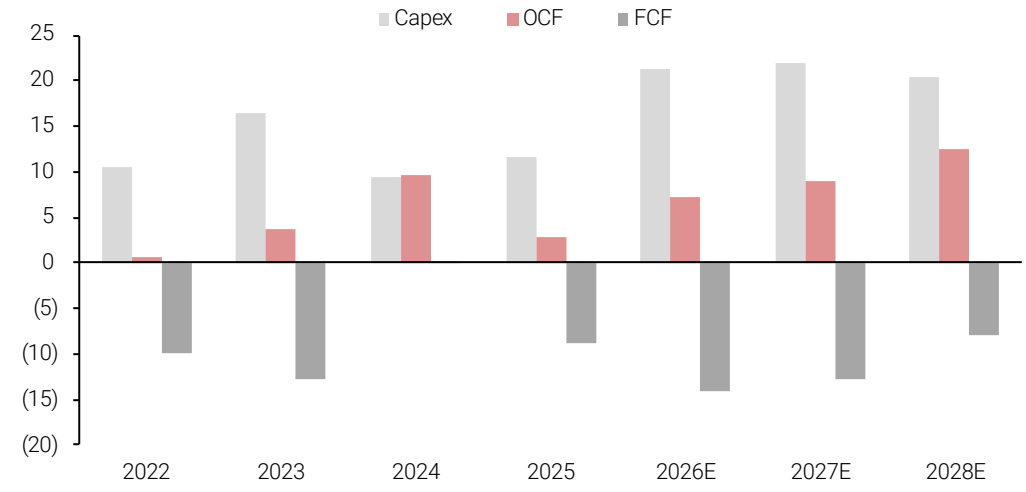
Exhibit 62: JCL – adjusted PAT, March fiscal year-ends, 2022-28E (Rs mn)



Source: Company, Kotak Institutional Equities estimates

We expect FCF to be negative over FY2026/27/28E on the back of planned growth capex

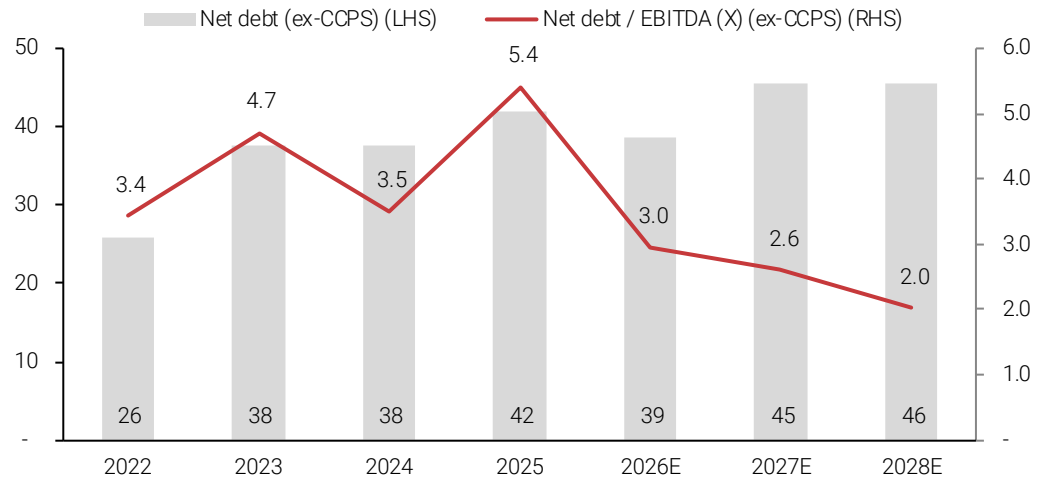
Exhibit 63: JSW Cement – OCF, capex and FCFF, March fiscal year-ends, 2022-28E



Source: Company, Kotak Institutional Equities estimates

Leverage to reduce gradually over medium term

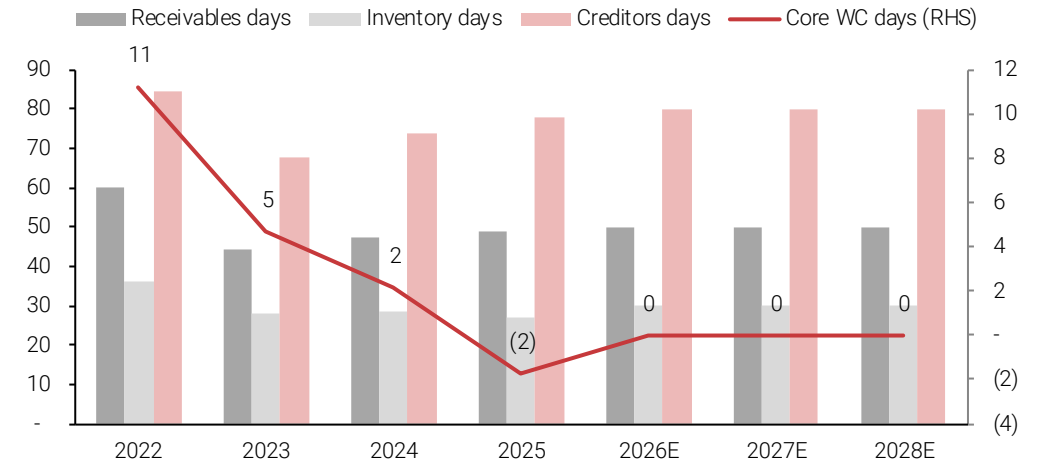
Exhibit 64: JSW Cement – net debt and net debt/EBITDA, March fiscal year-ends, 2022-28E (Rs bn)



Source: Company, Kotak Institutional Equities estimates

Working capital is low in core cement business

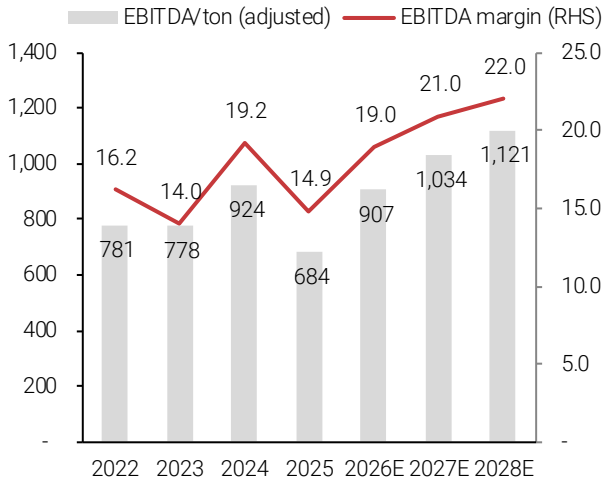
Exhibit 65: JSW Cement – working capital days, March fiscal year-ends, 2022-28E



Source: Company, Kotak Institutional Equities estimates

Margins to inch up on addition of new regions and scale

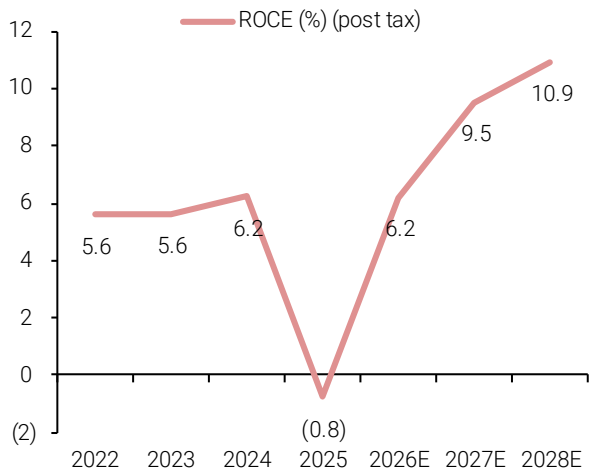
Exhibit 66: JSW Cement – blended margins, March fiscal year-ends, 2022-28E (Rs/ton, %)



Source: Company, Kotak Institutional Equities estimates

RoCEs to improve on an incremental basis

Exhibit 67: JSW Cement – return on capital employed (RoCE), March fiscal year-ends, 2022-28E (%)



Source: Company, Kotak Institutional Equities estimates

Financial statements

We expect revenues/PAT to grow at 20%/37% over FY2025-28E on a weak base

Exhibit 68: Consolidated income statement of JSW Cement, March fiscal year-ends, 2022-28E (Rs mn)

(Rs mn)	2022	2023	2024	2025	2026E	2027E	2028E
Profit and loss							
Revenue from operations	**46,686**	**58,367**	**60,281**	**58,131**	**67,841**	**82,448**	**101,370**
Raw materials	(11,762)	(15,670)	(13,178)	(14,829)	(17,152)	(20,966)	(25,865)
Gross profit	**34,924**	**42,698**	**47,103**	**43,302**	**50,689**	**61,482**	**75,505**
Gross margin (%)	75	73	78	74	75	75	74
Employee costs	(2,446)	(2,946)	(2,994)	(3,695)	(3,996)	(4,447)	(4,950)
Power and fuel costs	(7,591)	(10,324)	(9,903)	(8,469)	(9,034)	(10,804)	(13,135)
Freight costs	(11,072)	(14,147)	(14,371)	(13,960)	(15,285)	(17,558)	(21,347)
Other costs	(6,245)	(7,113)	(8,256)	(8,541)	(9,512)	(11,397)	(13,744)
EBITDA	**7,569**	**8,168**	**11,579**	**8,638**	**12,863**	**17,275**	**22,328**
Share in JV Profit/(loss)	(13)	(187)	(820)	(985)	198	202	206
EBITDA (inc. JV)	**7,557**	**7,982**	**10,759**	**7,653**	**13,061**	**17,477**	**22,534**
EBITDA margin (%)	16	14	18	13	19	21	22
Depreciation & amortisation	(2,385)	(3,732)	(2,783)	(3,103)	(3,525)	(4,647)	(6,283)
Finance costs	(3,146)	(3,102)	(4,347)	(4,501)	(4,309)	(5,520)	(6,179)
Other income	1,949	900	865	1,016	926	6,025	7,724
PBT before exceptional items	**3,975**	**2,047**	**4,494**	**1,064**	**6,154**	**13,335**	**17,796**
Exceptional items	(8)	(799)	(2,250)	(1,500)	(14,664)	—	—
Profit before tax	**3,967**	**1,248**	**2,244**	**(436)**	**(8,510)**	**13,335**	**17,796**
Tax expenses	(1,641)	(208)	(1,623)	(1,201)	(1,354)	(2,934)	(3,915)
PAT	**2,326**	**1,040**	**620**	**(1,638)**	**(9,864)**	**10,401**	**13,881**
Minority interest	116	327	278	497	—	—	—
Net income to shareholders (reported)	**2,443**	**1,368**	**898**	**(1,141)**	**(9,864)**	**10,401**	**13,881**
Net income (adjusted)	**2,450**	**2,167**	**3,148**	**359**	**4,800**	**10,401**	**13,881**
Shares o/s in mn(diluted)	994	1,001	1,001	986	1,363	1,363	1,363
EPS (reported) (Rs)	**2.46**	**1.37**	**0.90**	**(1.16)**	**(7.24)**	**7.63**	**10.18**
EPS (adjusted) (Rs)	**2.46**	**2.17**	**3.15**	**0.36**	**3.52**	**7.63**	**10.18**

Source: Company, Kotak Institutional Equities estimates

Net debt has likely peaked out in FY2025

Exhibit 69: Consolidated balance sheet of JSW Cement, March fiscal year-ends, 2022-28E (Rs mn)

(Rs mn)	2022	2023	2024	2025	2026E	2027E	2028E
Assets							
Net fixed assets	38,334	34,933	48,702	54,381	55,820	91,077	110,348
CWIP	8,723	15,754	7,392	10,247	26,489	8,469	3,239
Intangibles	3,135	9,410	9,253	9,549	9,549	9,549	9,549
Right of use assets	4,299	2,257	4,237	4,045	4,045	4,045	4,045
Non-current financial assets	5,654	8,387	8,862	7,179	7,179	7,179	7,179
Other non-current assets	6,256	7,873	8,236	10,611	10,611	10,611	10,611
Non-current assets	**66,401**	**78,615**	**86,683**	**96,012**	**113,692**	**130,930**	**144,971**
Cash & equivalents	5,549	550	3,160	1,235	20,082	25,745	28,585
Trade receivables	7,663	7,108	7,828	7,818	9,293	11,294	13,886
Inventories	4,602	4,485	4,753	4,285	5,576	6,777	8,332
Other current financial assets	4,939	7,293	7,665	5,088	5,088	5,088	5,088
Other current assets	3,571	4,135	3,100	5,601	5,601	5,601	5,601
Current assets	**26,324**	**23,572**	**26,506**	**24,028**	**45,641**	**54,505**	**61,493**
Total assets	**92,725**	**102,186**	**113,189**	**120,039**	**159,333**	**185,435**	**206,464**
Liabilities and equity							
Long-term borrowings	25,757	30,355	24,096	31,127	47,127	59,627	62,627
Fair value of CCPS o/s	14,758	16,101	17,473	18,977	—	—	—
Deferred tax liabilities (net)	2,253	2,655	3,806	4,557	4,557	4,557	4,557
Other financial liabilities	4,107	2,105	3,884	3,638	3,638	3,638	3,638
Other non-current liabilities	894	853	870	945	945	945	945
Non-current liabilities	**47,769**	**52,069**	**50,128**	**59,244**	**56,267**	**68,767**	**71,767**
Short-term borrowings	5,706	7,760	16,789	11,561	11,561	11,561	11,561
Other financial liabilities	5,923	8,256	8,824	11,701	11,701	11,701	11,701
Trade payables	10,828	10,841	12,222	12,376	14,869	18,071	22,218
Other current liabilities	1,379	853	1,371	1,433	1,433	1,433	1,433
Current liabilities	**23,836**	**27,710**	**39,206**	**37,072**	**39,565**	**42,766**	**46,914**
Net debt (ex-CCPS)	**25,913**	**37,564**	**37,725**	**41,453**	**38,606**	**45,443**	**45,603**
Net debt	**40,671**	**53,665**	**55,198**	**60,430**	**38,606**	**45,443**	**45,603**
Total liabilities	**71,605**	**79,779**	**89,334**	**96,316**	**95,832**	**111,534**	**118,681**
Share capital	9,864	9,864	9,864	9,864	14,316	14,316	14,316
Other equity	11,443	13,057	14,783	13,662	48,986	59,388	73,269
Minority interest	(186)	(514)	(792)	198	198	198	198
Total equity	**21,120**	**22,407**	**23,855**	**23,724**	**63,500**	**73,902**	**87,783**
Total liabilities and equity	**92,725**	**102,186**	**113,189**	**120,039**	**159,333**	**185,435**	**206,464**

Source: Company, Kotak Institutional Equities estimates

We bake in capex of Rs21/22/20 bn in FY2026/27/28E on the basis of announced expansions

Exhibit 70: Consolidated cash flow statement of JSW Cement, March fiscal year-ends, 2022-28E (Rs mn)

(Rs mn)	2022	2023	2024	2025	2026E	2027E	2028E
Cash flow from operating activities							
Profit before tax	**3,967**	**1,248**	**2,244**	**(436)**	**6,154**	**13,335**	**17,796**
Depreciation & amortisation	2,385	3,732	2,783	3,103	3,525	4,647	6,283
Income taxes paid	(691)	(1,071)	(1,057)	(311)	(1,354)	(2,934)	(3,915)
Other income	–	–	–	–	(926)	(6,025)	(7,724)
Finance costs	3,146	3,102	4,347	4,501	4,309	5,520	6,179
Interest paid	(2,728)	(2,922)	(4,502)	(4,656)	(4,309)	(5,520)	(6,179)
Changes in working capital	(3,686)	(1,271)	2,992	(1,603)	(273)	0	–
Others	(1,731)	791	2,769	2,112	–	–	–
Net cash generated from / (used in) operating activities	**662**	**3,609**	**9,575**	**2,711**	**7,125**	**9,023**	**12,441**
Cash flow from investing activities							
Capex	(10,545)	(16,337)	(9,322)	(11,517)	(21,205)	(21,884)	(20,324)
Payment made towards acquisition of subsidiaries	-	(6,030)	–	–	–	–	–
Bank deposits not considered as cash and cash equivalent (net)	(3,502)	3,862	(2,180)	1,880	–	–	–
Interest received	111	345	249	1,335	926	6,025	7,724
Others	(1,361)	231	55	2,722	–	–	–
Net cash generated from / (used in) investing activities	**(15,297)**	**(17,929)**	**(11,198)**	**(5,580)**	**(20,279)**	**(15,860)**	**(12,601)**
Cash flow from financing activities							
Dividend	–	–	–	–	–	–	–
Issuance of CCPS	16,000	–	–	–	–	–	–
Proceeds from rights issue by subsidiary	–	–	–	795	–	–	–
Change in net debt	(468)	13,603	2,615	1,950	16,000	12,500	3,000
Change in lease liabilities	(205)	(271)	(321)	(407)	–	–	–
Others	–	–	–	–	16,000	–	–
Net cash generated from / (used in) financing activities	**15,327**	**13,332**	**2,293**	**2,338**	**32,000**	**12,500**	**3,000**
Change in cash & equivalents	**692**	**(988)**	**670**	**(531)**	**18,847**	**5,663**	**2,840**
Beginning cash	957	1,648	511	1,182	1,235	20,082	25,745
Adjustments	–	(149)	–	–	–	–	–
Ending cash	**1,648**	**511**	**1,182**	**650**	**20,082**	**25,745**	**28,585**

Source: Company, Kotak Institutional Equities estimates

We expect net debt to moderate gradually over FY2025-28E

Exhibit 71: Summary financials for JSW Cement, March fiscal year-ends, 2022-28E (Rs mn)

(Rs mn)	2022	2023	2024	2025	2026E	2027E	2028E
Profit and loss							
Net revenues	**46,686**	**58,367**	**60,281**	**58,131**	**67,841**	**82,448**	**101,370**
Gross profit	34,924	42,698	47,103	43,302	50,689	61,482	75,505
EBITDA	**7,569**	**8,168**	**11,579**	**8,638**	**12,863**	**17,275**	**22,328**
Other income	1,949	900	865	1,016	926	6,025	7,724
Interest expense	(3,146)	(3,102)	(4,347)	(4,501)	(4,309)	(5,520)	(6,179)
Depreciation & amortisation	(2,385)	(3,732)	(2,783)	(3,103)	(3,525)	(4,647)	(6,283)
Exceptional items, inc. JV income	(20)	(986)	(3,071)	(2,485)	(14,466)	202	206
Profit before tax	**3,967**	**1,248**	**2,244**	**(436)**	**(8,510)**	**13,335**	**17,796**
Tax & deferred tax	(1,641)	(208)	(1,623)	(1,201)	(1,354)	(2,934)	(3,915)
Reported PAT	2,443	1,368	898	(1,141)	(9,864)	10,401	13,881
Adjusted PAT	**2,450**	**2,167**	**3,148**	**359**	**4,800**	**10,401**	**13,881**
EPS (reported) (Rs)	2.5	1.4	0.9	(1.2)	(7.2)	7.6	10.2
EPS (adjusted) (Rs)	**2.5**	**2.2**	**3.1**	**0.4**	**3.5**	**7.6**	**10.2**
Balance sheet							
Fixed assets (incl. goodwill)	38,334	34,933	48,702	54,381	55,820	91,077	110,348
Cash & equivalents	5,549	550	3,160	1,235	20,082	25,745	28,585
Inventories	4,602	4,485	4,753	4,285	5,576	6,777	8,332
Total assets	**92,725**	**102,186**	**113,189**	**120,039**	**159,333**	**185,435**	**206,464**
Borrowings (ex-CCPS)	31,463	38,114	40,885	42,688	58,688	71,188	74,188
Total liabilities	**71,605**	**79,779**	**89,334**	**96,316**	**95,832**	**111,534**	**118,681**
Net debt (ex-CCPS)	25,913	37,564	37,725	41,953	38,606	45,443	45,603
Shareholders' equity	**21,120**	**22,407**	**23,855**	**23,724**	**63,500**	**73,902**	**87,783**
Total liabilities and equity	**92,725**	**102,186**	**113,189**	**120,039**	**159,333**	**185,435**	**206,464**
Cash flow statement							
Operating cash flow before working capital changes	**4,348**	**4,881**	**6,583**	**4,314**	**7,398**	**9,023**	**12,441**
Changes in working capital	(3,686)	(1,271)	2,992	(1,603)	(273)	—	—
Capex	(10,545)	(16,337)	(9,322)	(11,517)	(21,205)	(21,884)	(20,324)
Free cash flow to firm	**(9,883)**	**(12,728)**	**253**	**(8,806)**	**(14,080)**	**(12,861)**	**(7,884)**
Ratios							
Gross margin (%)	74.8	73.2	78.1	74.5	74.7	74.6	74.5
EBITDA margin (RHS)	16.2	14.0	19.2	14.9	19.0	21.0	22.0
ROE (%)	11.6	9.7	13.2	1.5	7.6	14.1	15.8
ROCE (%) (post tax)	5.6	5.6	6.2	(0.8)	6.2	9.5	10.9
Net debt / EBITDA (X) (ex-CCPS)	3.4	4.7	3.5	5.4	3.0	2.6	2.0
Operational Metrics							
Capacity (mtpa)	14.55	16.30	20.60	20.60	21.60	24.10	31.85
Sales volume (mn tons)	9.69	10.50	12.53	12.63	14.18	16.71	19.92
Cement volume	5.58	5.70	6.94	7.09	8.05	9.68	11.86
GGBS volumes	3.13	3.85	5.08	5.18	5.96	6.85	7.88
Clinker volumes	0.99	0.94	0.50	0.36	0.18	0.18	0.18
Realisation/ton	4,818	5,559	4,811	4,603	4,783	4,934	5,089
Cost/ton	4,037	4,781	3,887	3,919	3,876	3,900	3,968
EBITDA/ton (adjusted)	781	778	924	684	907	1,034	1,121
GGBS as % of volumes	32%	37%	41%	41%	42%	41%	40%
Ratios							
P/E	45.6	51.9	35.7	308.1	31.9	14.7	11.0
CRoCI	11.9	17.1	16.0	3.7	15.3	15.6	15.0
EV/EBITDA	23.6	23.3	16.5	22.5	14.9	11.5	8.9
EV/EBITDA (ex CWIP)	22.5	21.4	15.8	21.3	12.8	11.0	8.8
EV/t (US$/ton)	165.1	145.0	111.9	111.6	101.3	92.0	68.2
EV/t (US$/ton) (ex CWIP)	157.1	133.0	107.5	105.8	87.3	88.1	67.1
P/B	7.2	6.8	6.4	6.5	2.4	2.1	1.7

Source: Company, Kotak Institutional Equities estimates

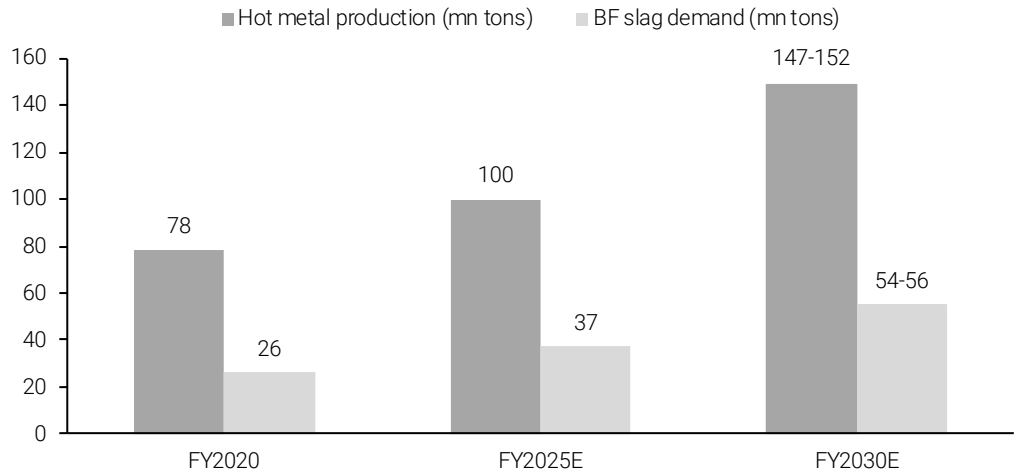
6 Annexures

Annexure I – blast furnace (BF) slag is the input for GGBS production

Slag is a non-metallic byproduct of steel plants obtained from blast furnaces. It is formed when iron oxide is converted into pig iron in the blast furnace using coking coal and fluxes, with ~0.3 mn tons of slag obtained per ton of steel. Therefore, production of slag is directly proportional to steel production using the BF-BOF route. Slag demand is estimated to have reached at ~37 mn tons in FY2025E.

BF slag demand to increase in sync with hot metal production by steel companies in India

Exhibit 72: Hot metal production and blast furnace slag demand, FY2020, 2025/30E



Source: CRISIL Research, Industry data, Kotak Institutional Equities estimates

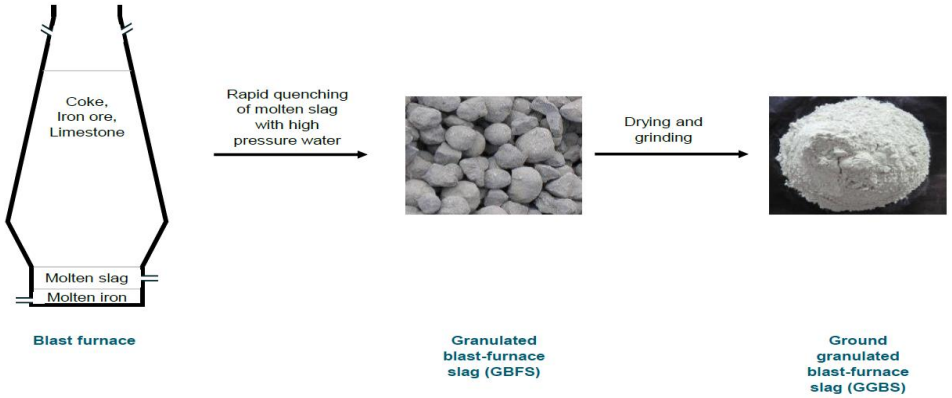
Slag used in the manufacture of cement (~65-70%; both composite cement and PSC), and GGBS (20-25%), which are the two main end uses of BF slag, contribute ~85-90% of total BF slag demand.

Ground granulated blast-furnace slag (GGBS) production

Slag formed in BF/BOF steelmaking is rich in oxides of calcium, alumina, magnesia, etc. Slag floats above molten iron in the furnace at a temperate of ~1500-1,600° C, and is then poured into a granulator and rapidly quenched through high-pressure water jets, to produce granular particles. This granulated slag is called GBFS. Water-quenching happens in a controlled environment to avoid crystalline formation. GBFS is then dried and ground into GGBS.

BF slag demand to increase in sync with hot metal production by steel companies in India

Exhibit 73: Hot metal production and blast furnace slag demand, FY2020, 2025/30E



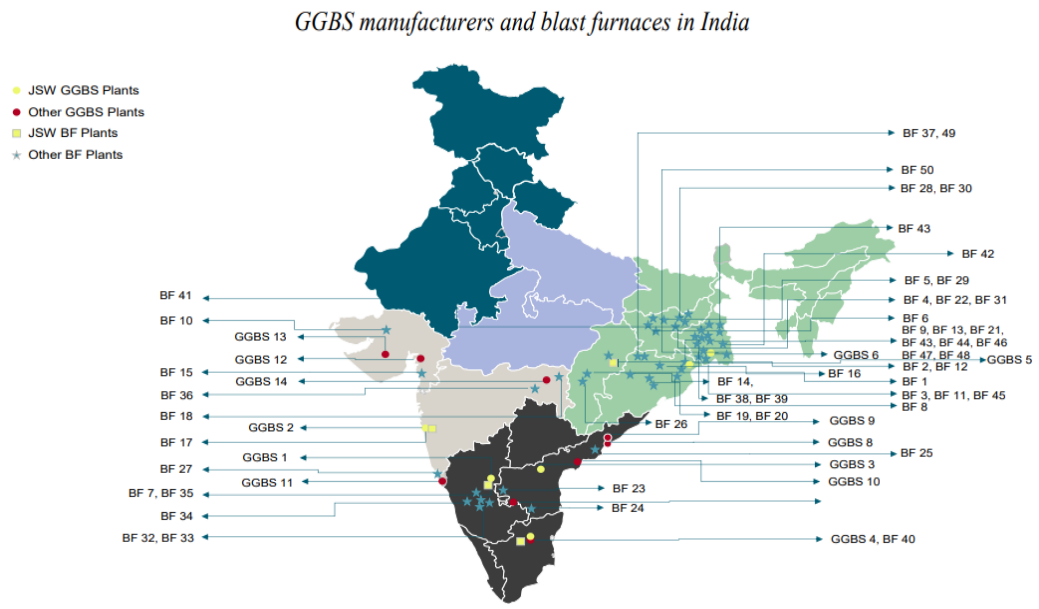
Source: CRISIL Research, Industry data, Kotak Institutional Equities

Annexure II – location of blast furnaces in India and list of GGBS manufacturers

Most of the blast furnaces in India are located in the east/south/west regions. This is the main reason why consumption of slag-based cement is popular in these regions. JSW Cement benefits from the proximity of its plants to plants of JSW Steel – India's largest steel company. This allows it to reduce freight costs for transportation of slag from the steel plant to its grinding units in Dolvi and Vijayanagar.

GGBS manufacturers are located near steel plants in south/west/east region

Exhibit 74: Location of GGBS manufacturers and blast furnaces in India



Source: Source: JSW Cement, CRISIL Research, Kotak Institutional Equities

JSW Cement is by far the most prominent GGBS manufacturer

Exhibit 75: List of GGBS manufacturers in India

Sr. No.	Company Name	Location
GGBS 1	JSW Cement Ltd	Vijaynagar, Karnataka
GGBS 2	JSW Cement Ltd	Dolvi, Maharashtra
GGBS 3	JSW Cement Ltd	Nandyal, Andhra Pradesh
GGBS 4	JSW Cement Ltd	Salem, Tamilnadu
GGBS 5	JSW Cement Ltd	Jajpur, Odisha
GGBS 6	JSW Cement Ltd	Salboni, West Bengal
GGBS 7	Sri Balaha Chemicals Pvt Ltd	Hindupur, Andhra Pradesh
GGBS 8	Sagar Cements Limited	Vishakhapatnam, Andhra Pradesh
GGBS 9	My Home Industries Pvt Ltd	Vishakhapatnam, Andhra Pradesh
GGBS 10	Chettinad Cement Corporation Pvt Ltd	Vijaywada, Andhra Pradesh
GGBS 11	Ultrafine Minerals & Admixtures	Nagpur, Maharashtra
GGBS 12	Suyog Elements India Pvt Ltd	Bharuch, Gujrat
GGBS 13	Pyramid Industries	Rajkot, Gujrat
GGBS 14	STP & Sons	Nagpur, Maharashtra

Source: Industry, CRISIL Research, Kotak Institutional Equities

GGBS is present in product portfolio of global cement majors

Exhibit 76: List of overseas GGBS manufacturers

Name	Location
Heidelberg Materials UK (earlier known as Hanson UK)	UK
Boral Limited	Australia
Lafarge Emirates Cement LLC	UAE
Readymix Gulf LLC	UAE
Aggregate Industries	UK
JFE Mineral & Alloy Company Ltd	Japan
LKAB Minerals	Sweden

Source: Industry, CRISIL Research, Kotak Institutional Equities

Annexure III – research studies on GGBS use in concrete suggest improved outcomes

A few studies such as those conducted by IIT Bombay and Central Road Research Institute suggest that GGBS-based concretes result in better compressive strengths when compared with pure OPC-based concrete. This effect is even more pronounced as the concrete ages for specific GGBS concentrations in the concrete mix.

Two of the key studies, along with key findings are summarized in tables below.

1. IIT Bombay – a research project, 'Potential use of ground granulated blast furnace slag as supplementary cementitious materials in concrete,' by the Department of Civil Engineering at IIT Bombay, under the project code 15JSWC001, used GGBS as supplementary cementitious material in various percentages to assess the performance of concrete and its durability.

IIT Bombay research project compared different mix ratios of cement/GGBS in concrete

Exhibit 77: Mix proportions of the concrete

							Coarse aggregates (kg/m3)	
ID	Cement (kg/m3)	GGBFS (kg/m3)	Cementitious material content (kg/m3)	Water (kg/m3)	w/b	Fine aggregate (kg/m3)	12.5 mm	20 mm
100	400	0	400	180	0.45	918	460	457
60:40:00	300	200	500	170	0.34	880	441	439
50:50:00	250	250	500	170	0.34	878	441	438
40:60	200	300	500	170	0.34	877	440	437
30:70	150	350	500	170	0.34	875	439	436

Source: Research conducted by IIT Bombay (Project code: 15JSWC001), Company

Compressive strength and flexural strength tests of the concrete specimens were undertaken as per IS 516.

GGBS concretes gain compressive strength at a faster rate versus 100% OPC-based concrete

Exhibit 78: Compressive strength (Mpa) of concrete for various mix proportions of concrete after "x" days

ID	3 days	7 days	28 days	56 days	365 days
100	20.71	29.49	56.06	59.14	67.71
60:40:00	23.96	38.81	64.21	69.99	95.00
50:50:00	21.25	34.69	58.70	61.19	83.00
40:60	17.13	30.24	58.03	65.56	80.00
30:70	16.61	29.35	52.40	57.04	77.00

Source: Research conducted by IIT Bombay (Project code: 15JSWC001)

A 50/50 mix of cement/GGBS had higher flexural strength versus 100% OPC based concrete after 56 days

Exhibit 79: Flexural strength (Mpa) of concrete for various mix proportions of concrete after "x" days

ID	28 days	56 days
100	5.76	6.12
60:40:00	5.27	5.55
50:50:00	5.63	6.62
40:60	4.82	5.91
30:70	4.58	5.48

Source: Research conducted by IIT Bombay (Project code: 15JSWC001)

Except for 30:70 combination, GGBS-based concretes resulted in better compressive strengths when compared with OPC-based concrete, at almost all ages. At the age of 56 days, the compressive strength of even 30:70 combination is close to that of OPC-based concrete. Among all the combinations, 60:40 achieved higher compressive strength and higher rate of gain of strength than other combinations.

The flexural strength of GGBS based concretes is more than 4.5 MPa, which is the minimum flexural strength requirement for rigid pavement. At age of 56 days, mixture with 50% OPC and 50% GGBS achieved relatively higher flexural strength and other combinations yielded comparable strength with OPC-based concrete.

2. Central Road Research Institute ("CRRI"), Delhi – undertook a research project, "Design and evaluation of pavement quality concrete mixes using ground granulated blast furnace slag as partial replacement of cement." CRRI evaluated various properties of concrete containing GGBS. A control mix was prepared without GGBS and with different proportions of GGBS as a partial replacement to OPC.

   The studies have shown that an increase in GGBS proportions (up to a certain extent) leads to reduced RMC costs for customers, increased flexural strength and durability, reduced life cycle repair and maintenance costs and greener RMC mixes.

CRRI research project compared different mix ratios of cement/GGBS in concrete

Exhibit 80: Mix proportions of the concrete

Mix designation	GGBS replacement level (%)	Cement (kg/m3)	Slag (kg/m3)	Sand (kg/m3)	10 mm (kg/m3)	20 mm (kg/m3)	Water (kg/m3)
S0	0	400	0	724.6	344.7	805.5	166.0
S10	10	360	40	723.8	344.3	804.7	166.0
S20	20	320	80	722.9	343.9	803.5	166.0
S30	30	280	120	722.0	341.5	802.5	166.0
S40	40	240	160	721.2	343.1	801.6	166.0
S50	50	200	200	720.3	342.6	800.6	166.0
S60	60	160	240	719.4	342.2	799.6	166.0

Source: Research conducted by CRRI, New Delhi

Partial replacement of cement with GGBS in concrete mix yielded better strength in most mixes

Exhibit 81: Compressive/flexural strength (N/mm2) of concrete for various mix proportions of concrete after "x" days

	Compressive strength (N/mm2)			Flexural strength (N/mm2)		
Mix designation	7 days	28 days	90 days	7 days	28 days	90 days
S0	31.2	45.2	55.9	3.5	5.4	5.8
S10	32.9	48.4	57.9	3.7	5.3	6.2
S20	45.4	53.8	58.6	4.3	5.7	6.6
S30	33.0	49.8	59.5	4.1	5.6	6.7
S40	32.9	45.8	61.0	3.9	5.5	6.9
S50	31.2	45.0	56.2	3.6	5.3	5.8
S60	30.5	37.6	46.7	3.0	4.0	4.9

Source: Research conducted by CRRI, New Delhi

The results show that both short term (seven and 28 days) and long term (90 days) compressive as well as flexural strength of concrete increased when cement is partially replaced by GGBS up to a level of 40%. When 50% cement is replaced with GGBS, the strength of the concrete remains almost same.

Annexure IV – list of infrastructure projects using GGBS

GGBS has been used in multiple infrastructure projects, including marquee projects such as city metro projects, Mumbai coastal road, Mumbai-Ahmedabad high speed rail and Bengaluru International Airport. These projects demonstrate real world performance of GGBS-based concretes in construction.

GGBS has been used in prominent Indian infrastructure projects

Exhibit 82: List of some projects where use of GGBS has been approved in India

Sr. No.	Name of Project
1	Ahmedabad Metro Rail Corporation Limited
2	Bangalore Metro Rail Corporation Limited
3	Delhi Metro Rail Corporation Limited
4	Pune Metro Rail Maha Metro
5	Mumbai Metro Rail Corporation Line #3
6	National Highway Authority Of India
7	Proposed NH66 – Indapur, Maharashtra to Zarap, Maharashtra (Mumbai Goa highway)
8	Proposed NH17 – Panjim, Goa to Mangalore, Karnataka
9	NH75 - Addahole to Bantawal
10	NH4b - JNPT phase #2 to Kalamboli - Ashoka Buildcon limited
11	NH4b - gavan phata interchange - Kumar JM Mhatre JV
12	NH65/NH50/NH52/NH52k — Latur, Nilanga
13	NH211 – Solapur, Mahrashtra to Yedshi, Maharashtra
14	NH266 – Tasgaon, Maharashtra to Shirdhon, Maharashtra
15	NH75 – Hassan, Karnataka to Maranahally, Karnataka
16	NH166 6 NH166e - Nagaj to Path to Mulchandi
17	Maharashtra State Road Development Corporation Limited
18	Nagpur Mumbai Samruddhi Expressway
19	Mangaon, Maharashtra to Dighi port, Maharashtra
20	Tala, Maharashtra to Agardanda, Maharashtra
21	NH548C Satara, Maharashtra to Mhaswad, Maharashtra
22	APTIDCO & APRCDA Andhra Pradesh
23	Bengaluru International Airport
24	PWD Goa-Zuari river bridge project Goa
25	GSIDC Goa - Mandovi river cable stayed bridge project Goa
26	Dedicated Freight Corridor Corporation Of India Limited
27	Konkan Railway Corporation Limited
28	Mumbai Coastal Road South
29	Vizhinjam International Seaport
30	Mumbai Pune corridor - project for capacity augmentation
31	Bharat Ratna Babasaheb Ambedkar Memorial, Mumbai
32	Director General of Naval Ports (Naval Dockyard)
33	Shriram Janm Bhoomi Teertha Kshetra, Ayodhya
34	3rd Vashi creek bridge- Thane creek bridge TCB3
35	Mumbai Elevated Metro Line 2B
36	Cisco Mass Housing, Navi Mumbai
37	NH361- four lining of choker aloha section of Latur Nanded road
38	NH6 four lining work of package 4, section Amravati Chikghli section
39	Surat Metro Rail Corporation

Source: JSW Cement, CRISIL Research, Kotak Institutional Equities

GGBS has been used in prominent Indian infrastructure projects

Exhibit 83: List of national infra projects with use of GGBS

Mumbai Ahmedabad High Speed Rail

Chennai Metro

Bengaluru International Airport

Bengaluru Chennai Expressway

Paradip Port, Odisha

Integrated Renewable Energy Project by Greenko, Kurnool

Source: Industry, CRISIL Research, Kotak Institutional Equities

GGBS is used in global infrastructure projects

Exhibit 84: List of overseas projects with use of GGBS

Name of the project	Country	GGBS used
Spinnaker Tower	UK	50%
Wales Millennium Center	UK	55%
Persistence Works	UK	—
Clyde Wind Farm	UK	16,000 tons
Blackpool Sea Defense	UK	50%
Second Severn Crossing road bridge	UK	70%
Liquefied natural gas (LNG) storage tanks at Milford Haven	UK	65%
The Welcome Trust Millennium Building	UK	70%
Queen Elizabeth II Bridge	UK	70%
Twenty Two Building	UK	68%
ORTUS Centre	UK	50%
20 Fenchurch St - Walkie Talkie	UK	50%
Clackmannanshire Bridge	UK	70%

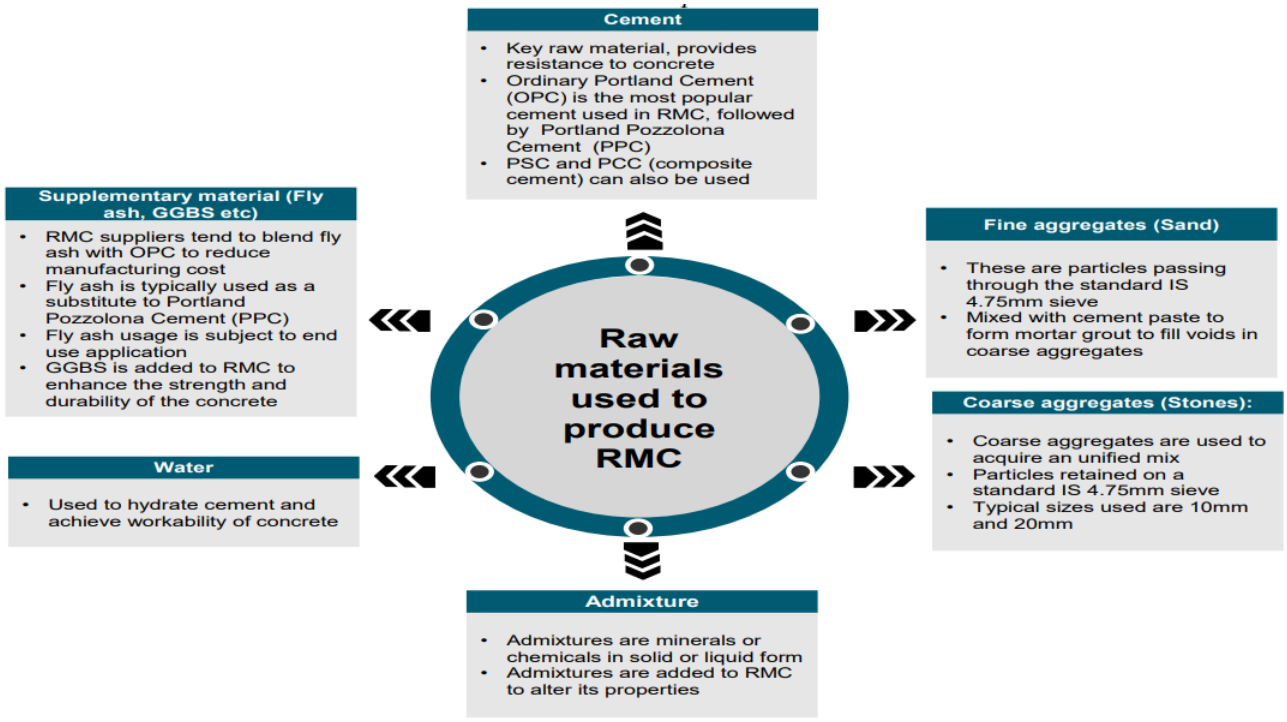
Source: Industry, CRISIL Research, Kotak Institutional Equities

Annexure V: Ready mix concrete (RMC) growth to drive GGBS demand

RMC market is expected to grow at a CAGR of 8-9% over the next few years on increasing urbanization and infrastructure project rollouts. GGBS growth is linked to growth of ready-mix concrete (RMC), a concrete product that is delivered in a ready-to-use mode. GGBS can be used up to a certain extent as replacement for cementitious products in the RMC mix. RMC simplifies the construction process by eliminating the need for on-site mixing, with cement, aggregates, water and admixtures as the main raw materials. These materials are weigh batched in the plant using a pan mixer.

Ready mix concrete (RMC) is an important end use for cement/GGBS

Exhibit 85: Raw materials used to produce ready mix concrete (RMC)



Source: Industry, CRISIL Research, Kotak Institutional Equities

The Indian standards specification IS 4926:2003 defines RMC as concrete mixed in a stationary mixer in a central batching and mixing plant or in a truck mixer and supplied in fresh condition to the purchaser, either at the site or into the purchaser's vehicles.

Cementitious products like OPC/GGBS/fly ash form 12-15% of RMC composition

Exhibit 86: Raw material composition of RMC (%)

Raw material	Volume share (%)
Cementitious products* (cement, GGBS, fly ash)	12-15%
Coarse aggregate	42-45%
Fine aggregate	35-37%
Additives/admixtures	<0.5%
Water	6-8%

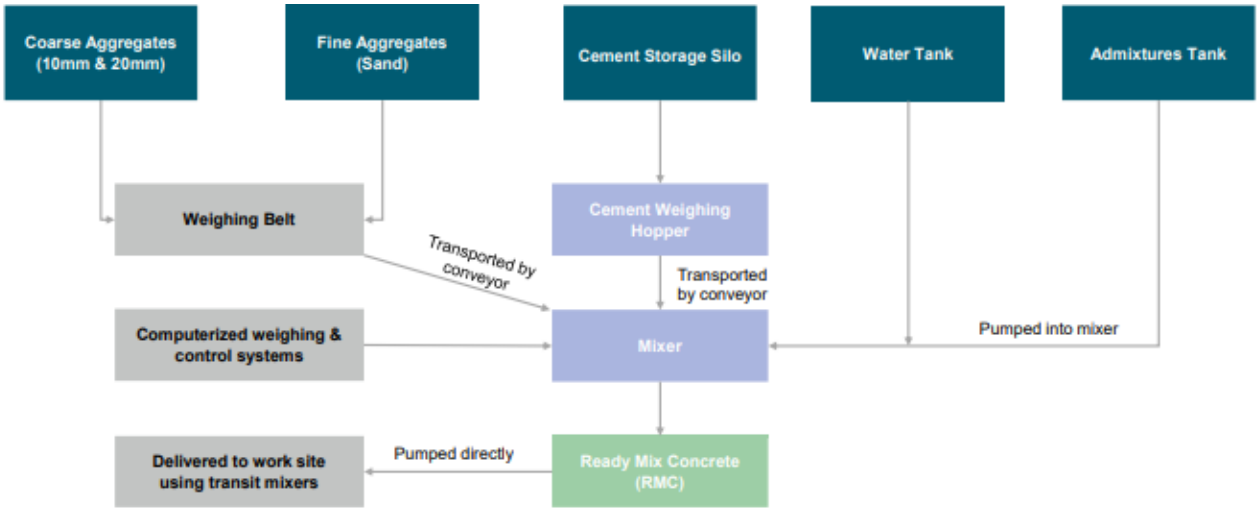
*The quantity and type of cementitious products varies depending on grade required to obtain influential mix designs

Source: Industry, CRISIL Research, Kotak Institutional Equities

Manufacturing Process – RMC is manufactured in centrally batched plants and is then transported to the construction sites in transit mixer trucks. A typical RMC batching plant consists of the following components: (1) storage units: airtight silos for cement, bins for aggregates and tanks for water/admixtures, (2) front end loader for transporting aggregates, (3) conveyor belts, (4) dust collection system, (5) computerized laboratory for controlling the batching and mixing of ingredients, (6) transit mixers, and (7) placement equipment such as concrete pumps.

RMC is production is concentrated in urban areas given nature of production process

Exhibit 87: Production process for ready mix concrete (RMC)



Source: Industry, CRISIL Research, Kotak Institutional Equities

Precise batching of cementitious products, fine and coarse aggregates, water and additives/admixture is caried out at the central plant. Raw materials are carefully measured and mixed as per required specifications. Raw materials are mixed in a batching mixer at a regulated speed for a suitable duration as required by the quality mix. The entire mixing process is carried out by computer-aided scientific controls and methods. Stationary plant mounted mixing is preferred due to fast production capability and improved concrete quality control.

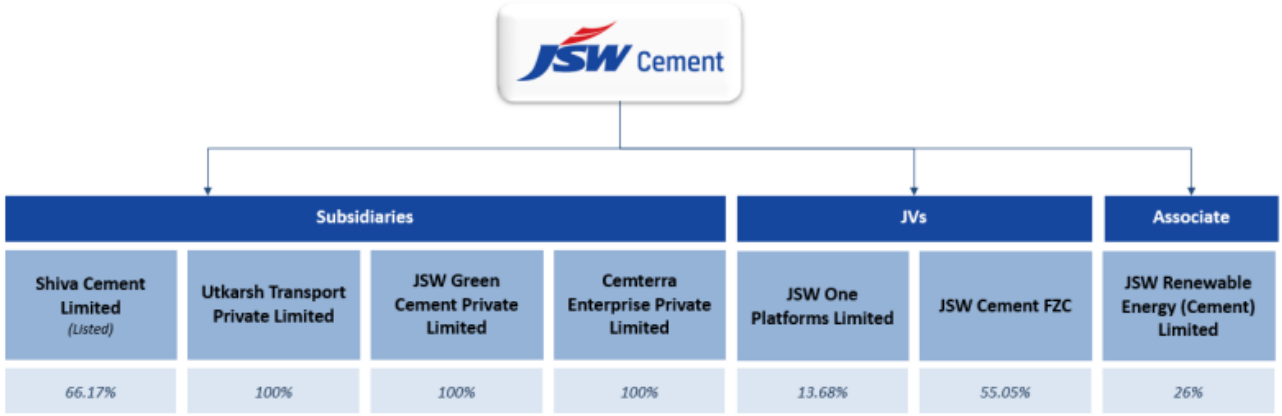
After completion of mixing/batching at the plant, concrete is released into the transit mixer truck. Concrete is required to be discharged from the truck mixer within two hours from the time of loading. Thus, the job site is preferred to be in the vicinity of the batching plant, at a distance of 30-40 km. Discharging of RMC is done directly from the truck mixer through chute or is pumped by static or mobile pumps at the pouring point with horizontal and vertical pipelines. Pumps discharge RMC quicker than other available options. Hence, they are preferred at critical job locations. Finally, RMC is typically discharged within 30 minutes after reaching the construction site through pumps or conveyor belts.

Cement quantity increases for higher RMC grades. Higher the quantum of cement used, greater is the strength of concrete produced. Hence, higher grades are stronger and are largely used in high rise formations and strength-intensive structures.

Annexure VI – JSW Cement: Corporate structure and distribution

Clinker units in Odisha/UAE are housed under Shiva Cement/JSW Cement FZC

Exhibit 88: Organizational structure for JSW Cement and subsidiaries/associates/JVs



Source: Company, Kotak Institutional Equities

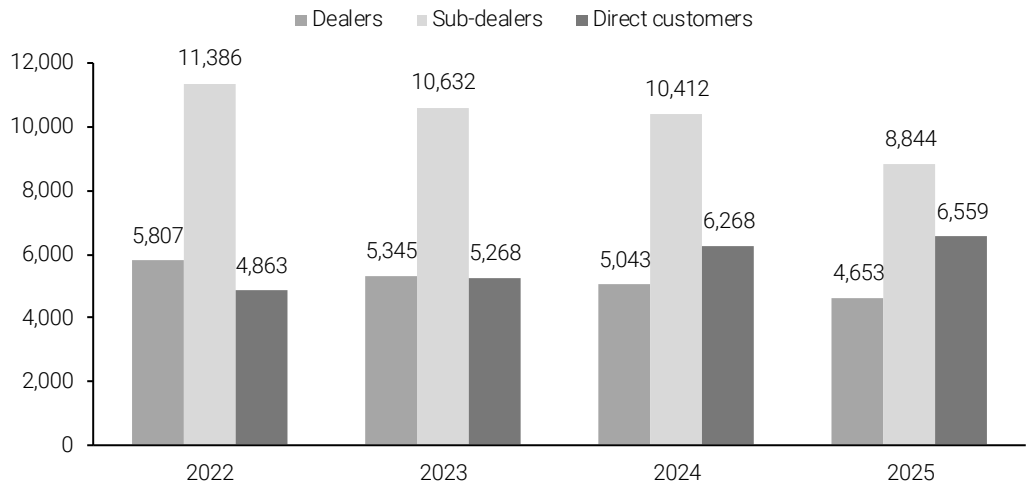
Distribution: Positioned just below Tier A brands

The company has an extensive network comprising dealers, sub-dealers and warehouses across its markets of operations to serve the retail demand for cement and allied cementitious products.

The company sold 65.13%/64.39%/57.53%/52.87% of its volumes in FY2022/23/24/25 through trade channels, while 100% of GGBS volumes were sold through non-trade channels.

JSW Cement is increasing its reach of direct customers

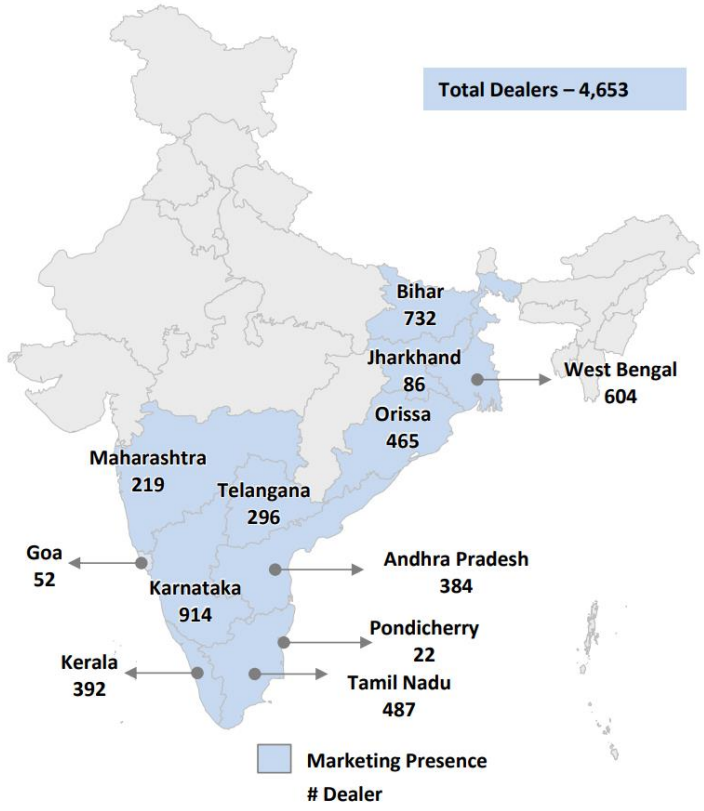
Exhibit 89: Distribution network details of JSW Cement, March fiscal year-ends, 2022-25



Source: Company, Kotak Institutional Equities

JSW Cement's dealer network is spread over east/south regions and Maharashtra

Exhibit 90: Dealer network map for JSW Cement, FY2025



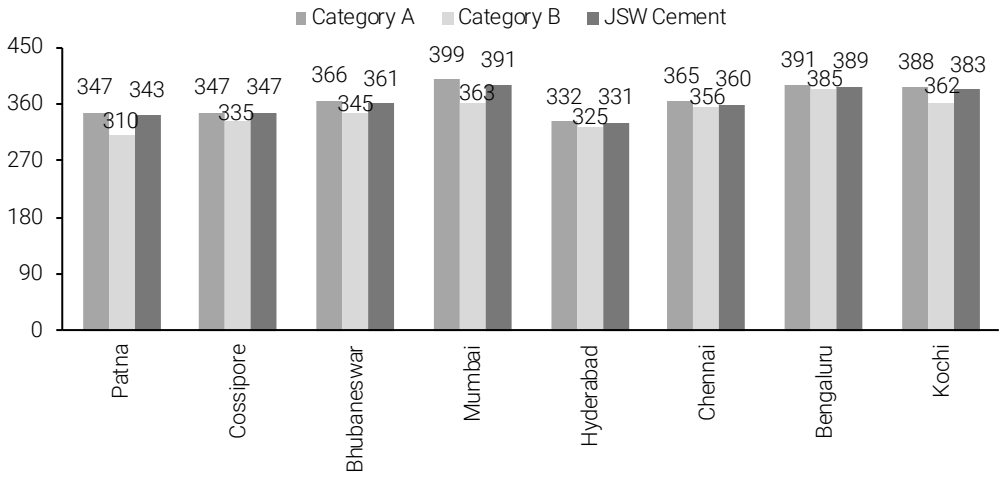
Source: Company, Kotak Institutional Equities

The company's retail selling price (RSP) in core markets is marginally below grade A players.

The charts below show a comparison of the retail selling prices ("RSP") of A category brands, B category brands and JSW Cement in the east, west and south markets (after cement prices section in industry section)

JSW Cement: Pricing marginally below tier A players across most regions

Exhibit 91: Comparison of retail selling prices (RSP) in key cities for JSW Cement, May 2025



Source: Industry, JSW Cement, CRISIL Research

The company primarily engages third-party transport providers to transport products from its plants and warehouses to the customer.

In order to reduce dependence on public railways in east India, it has a long-term operational lease arrangements to operate eight railway rakes to transport clinker from the Shiva Cement clinker unit to the Salboni grinding unit and to transport blast furnace slag from the BPSL plant in Sambalpur, Odisha to the Salboni grinding unit.

The rail/road mix for the company stood at 9.3%/90.7% as of FY2025.

Share of blended cement sales in total cement sales for JSW Cement stood at 82.2%/84.2%/72.4%/64.9% as of FY2022/23/24/25. Blended cement products sold by the company include (1) Portland Slag Cement (PSC) under the brand name "JSW Cement Portland Slag Cement", "JSW Cement Power Pro" and "JSW Cement Concreel HD"; (2) Portland Composite Cement (PCC) under the brand name "JSW Cement Compcem"; and (3) Portland Pozzolana Cement (PPC) under the brand name of "JSW Cement Max Super".

Annexure VII – valuation for companies under KIE coverage

Peers trade at relatively higher valuations to JSW Cement

Exhibit 92: Valuation summary for KIE cement coverage universe

	Market cap.	CMP (Rs)	Fair Value		EPS (Rs)				P/E (X)				P/B (X)				EV/ton of capacity (US$)				EV/EBITDA (X)				RoE(%)			
Company	(US$ mn)	8-Dec	(Rs)	Rating	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E
Large-cap. stocks																												
Ambuja Cements	14,666	533	425	SELL	7	14	19	24	74	38	28	22	2.5	2.3	2.2	2.0	204	166	147	133	32.0	20.1	15.9	13.1	3.7	6.4	8.0	9.4
UltraTech Cement	37,438	11,414	7,600	SELL	208	295	341	420	55	39	33	27	4.8	4.4	4.0	3.6	222	199	186	167	28.2	20.4	18.0	15.2	8.7	11.3	11.9	13.2
Shree Cement	10,482	26,100	21,150	SELL	332	412	437	535	79	63	60	49	4.4	4.2	4.0	3.8	185	145	134	121	23.1	18.7	16.0	13.6	5.8	6.9	6.9	8.1
Mid-cap. stocks																												
Dalmia Bharat	4,109	1,968	2,050	SELL	42	77	88	102	46	25	22	19	2.1	2.0	1.9	1.7	90	88	90	74	15.6	11.5	10.5	9.4	4.7	8.1	8.5	9.2
J K Cement	4,771	5,548	3,750	SELL	103	149	165	202	54	37	34	27	7.0	6.0	5.2	4.4	210	164	167	140	23.1	17.8	16.0	13.3	15.0	17.4	16.5	17.3
The Ramco Cements	2,630	1,000	650	SELL	3	16	27	36	323	63	36	28	3.2	2.9	2.8	2.5	137	125	101	98	22.8	16.2	13.8	11.8	3.7	8.0	7.7	9.3
Nuvoco Vistas Corp.	1,360	342	410	BUY	1	11	11	19	560	31	30	18	1.4	1.3	1.2	1.2	75	80	68	52	11.6	9.5	8.3	6.5	0.2	4.2	4.2	6.6
JSW Cement	1,704	112	135	BUY	0	4	8	10	308	32	15	11	4.7	2.4	2.1	1.7	112	101	92	68	22.5	14.9	11.5	8.9	1.5	7.6	14.1	15.8

Source: Kotak Institutional Equities estimates

"Each of the analysts named below hereby certifies that, with respect to each subject company and its securities for which the analyst is responsible in this report, (1) all of the views expressed in this report accurately reflect his or her personal views about the subject companies and securities, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report: Siddharth Mehrotra, Sumangal Nevatia, Keshav Kumar."

Ratings and other definitions/identifiers

Definitions of ratings

BUY. We expect this stock to deliver more than 15% returns over the next 12 months.

ADD. We expect this stock to deliver 5-15% returns over the next 12 months.

REDUCE. We expect this stock to deliver -5-+5% returns over the next 12 months.

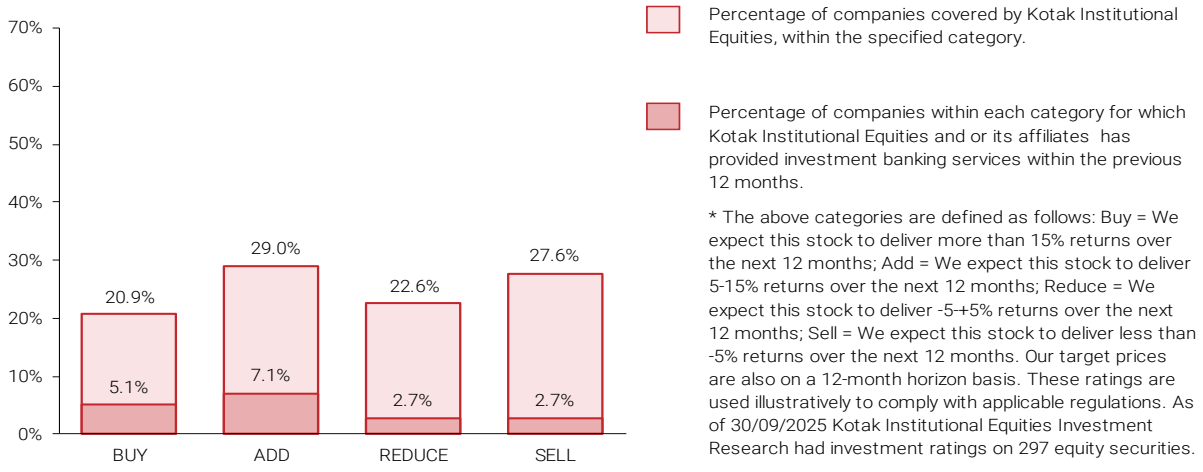
SELL. We expect this stock to deliver <-5% returns over the next 12 months.

Our Fair Value estimates are also on a 12-month horizon basis.

Our Ratings System does not take into account short-term volatility in stock prices related to movements in the market. Hence, a particular Rating may not strictly be in accordance with the Rating System at all times.

Distribution of ratings/investment banking relationships

Kotak Institutional Equities Research coverage universe



Source: Kotak Institutional Equities

As of September 30, 2025

Coverage view

The coverage view represents each analyst's overall fundamental outlook on the Sector. The coverage view will consist of one of the following designations: **Attractive, Neutral, Cautious.**

Other ratings/identifiers

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JSW Cement (JSWCEMEN)

Kotak Institutional Equities rating and stock price target history

Source: Kotak Institutional Equities Research for ratings and price targets, Bloomberg for daily closing prices.

BSE-30 Index (RHS)
Price target
Covered by Siddharth Mehrotra
Not covered by current analyst

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Analyst coverage

Companies that the analyst mentioned in this document follow

Covering Analyst: Siddharth Mehrotra	
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Bharti Airtel	BHARTI IN
Dalmia Bharat	DALBHARA IN
Grasim Industries	GRASIM IN
Gravita India	GRAV IN
Hindalco Industries	HNDL IN
Hindustan Zinc	HZ IN
Indus Towers	INDUSTOW IN
J K Cement	JKCE IN
Jindal Steel	JINDALST IN
JSW Cement	JSWCEMEN IN
JSW Steel	JSTL IN
National Aluminium Co.	NACL IN
NMDC	NMDC IN
Nuvoco Vistas Corp.	NUVOCO IN
SAIL	SAIL IN
Shree Cement	SRCM IN
Tata Communications	TCOM IN
Tata Steel	TATA IN
The Ramco Cements	TRCL IN
UltraTech Cement	UTCEM IN
Vedanta	VEDL IN
Vodafone Idea	IDEA IN

Source: Kotak Institutional Equities research

Corporate Office

Kotak Securities Ltd.
27 BKC, Plot No. C-27, "G Block" Bandra Kurla Complex, Bandra (E) Mumbai 400 051, India
Tel: +91-22-43360000

Overseas Affiliates

Kotak Mahindra (UK) Ltd
8th Floor, Portsoken House
155-157 Minories, London EC3N 1LS
Tel: +44-20-7977-6900

Kotak Mahindra Inc
PENN 1,1 Pennsylvania Plaza,
Suite 1720, New York, NY 10119, USA
Tel: +1-212-600-8858

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Details of	Contact Person	Address	Contact No.	Email ID
Customer Care/ Complaints	Mr. Ritesh Shah	Kotak Towers, 8th Floor, Building No.21, Infinity Park, Off Western Express Highway, Malad (East), Mumbai, Maharashtra - 400097	18002099393	ks.escalation@kotak.com
Head of Customer Care	Mr. Tabrez Anwar		022-42858208	ks.servicehead@kotak.com
Compliance Officer	Mr. Hiren Thakkar		022-42858484	ks.compliance@kotak.com
CEO	Mr. Shripal Shah		022-42858301	ceo.ks@kotak.com
Principal Officer (For the purpose of Research Analyst activities)	Mr. Kawaljeet Saluja	Kotak Securities Limited, 27BKC, 8th Floor, Plot No. C-27, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051	022-62664011	ks.po@kotak.com

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