

August 6, 2025

## Ambitious expansion plans provide growth visibility...

**About the Company:** JSW Cement, a part of the JSW Group, is one of the largest cement manufacturers in India. Company has Grinding Capacity of 20.6 million tonnes (mtpa) at present, consisting of 11.0 mtpa in Southern region, 4.5 mtpa in Western region and 5.1 mtpa in Eastern region. Clinker Capacity stands at 6.44 mtpa, which includes clinker capacity of 2.31 mtpa at UAE subsidiary - JSW Cement FZC, Fujairah

- Company primarily sells OPC (Ordinary Portland Cement), PSC (Portland Slag Cement) and GGBS (Ground Granulated Blast Furnace Slag)

### Key Strengths:

- Capacity expansion blueprint to ~41 mtpa in place:** Company is already in process of commissioning 2.5 mtpa grinding capacity at Nagaur (Rajasthan) and 1 mtpa at Sambalpur (Orissa), both these facilities will be commissioned by FY27E which would take the total grinding capacity to ~24 mtpa (from 20.6 mtpa at present) and gives healthy volume growth visibility for medium term. Further, with an aim to become a PAN India player and gain market share, company has planned 16.8 mtpa of expansions across regions (which will take total capacity ~41 mtpa) and provides longer term growth visibility. Company's cement and GGBS volumes has grown at 11.5% CAGR and 16.1% CAGR respectively over FY23-25, implying better-than-industry growth and gained market share
- Profitability likely to improve led by scaling up GGBS volumes and focus on operational efficiencies:** We understand that company has significant competitive advantage, led by high share of GGBS volumes (~41% of total volumes in FY25) and access to captive raw materials (slag) from JSW Steel. Considering the cost effectiveness of GGBS over OPC/PPC and strong focus of scaling up production further, overall cost structure is expected to remain favourable. With 84% market share, company is already a market leader in GGBS and benefits from price volatility. Over the next 5 years, GGBS demand is expected to grow at 14-15% CAGR, providing visibility in terms of gaining market share and further economies of scale. Company's operational performance to improve led by improvement in realisation, further reduction in total cost/ton and positive operating leverage. Cost saving measures includes increasing share of green power & WHRS, optimising fuel mix and logistical efficiencies. The company is dedicated to boosting the profitability of its subsidiaries to enhance overall profits.

### Our View & Rating

- With strong brand, strategic growth plans of expanding capacity by 3x and significant competitive edge led by vertical integration with group companies, JSW Cement is poised to grow considerably in the coming years. At the upper band, the issue is priced at ~22x FY25 EV/EBITDA. The premium valuation is justified given the company's size, ambitious expansion plans and strong growth visibility. We thus assign '**SUBSCRIBE FOR LONG TERM**' rating to JSW Cement

### Key risk & concerns

- Slowdown in Cement demand, Delay in capacity expansion and drop in utilization levels, Increase in commodity prices, High competition

### Key Financial Summary

(Rs crore)	FY22	FY23	FY24	FY25	3 Year CAGR (FY22-25)
Revenues	4,669	5,837	6,028	5,813	7.6%
EBITDA	756	681	933	714	-1.9%
EBITDA margin (%)	16.2	11.7	15.5	12.3	
Adjusted PAT	233	104	62	(164)	-189.0%
Adjusted EPS (Rs)	2.4	1.1	0.6	(1.7)	
P/E (x)	62.3	139.4	233.8		
EV/EBITDA (x)	24.6	29.2	21.5	28.8	
EV/ton (\$)	154	143	114	117	
RoCE (%)	10.6	5.9	9.0	5.9	
RoE (%)	11.0	4.6	2.6	(6.9)	

Source: ICICI Direct Research



### IPO Details

Issue Details	
Issue Opens	Thu, Aug 7, 2025
Issue Closes	Mon, Aug 11, 2025
Issue Size	Rs 3,600 crores
QIB (Institutional) Share	Not more than 50% of the Offer
Non Institutional Share	Not less than 15% of the Offer
Retail Share	Not less than 35% of the Offer
Issue Type	Fresh Issue - Rs 1,600 crore Offer for Sale - Rs 2,000 crore
Price band (Rs/share)	Rs 139-147 per share
Market Lot Size	102 shares
Face value	Rs 10 per share
Bid lot	102 shares
Listing Market Cap @ Upper Price Band	Rs 20041.5 crore

### Shareholding pattern

	Pre-Issue (%)	Post-Issue (%)
Promoter	79%	72%
Public	21%	28%
Total	100%	100%

### Objects of the issue

To finance a new integrated cement plant in Nagaur, Rajasthan (Rs 800 crore), repay existing borrowings (Rs 520 crore), and meet general corporate needs

### Research Analyst

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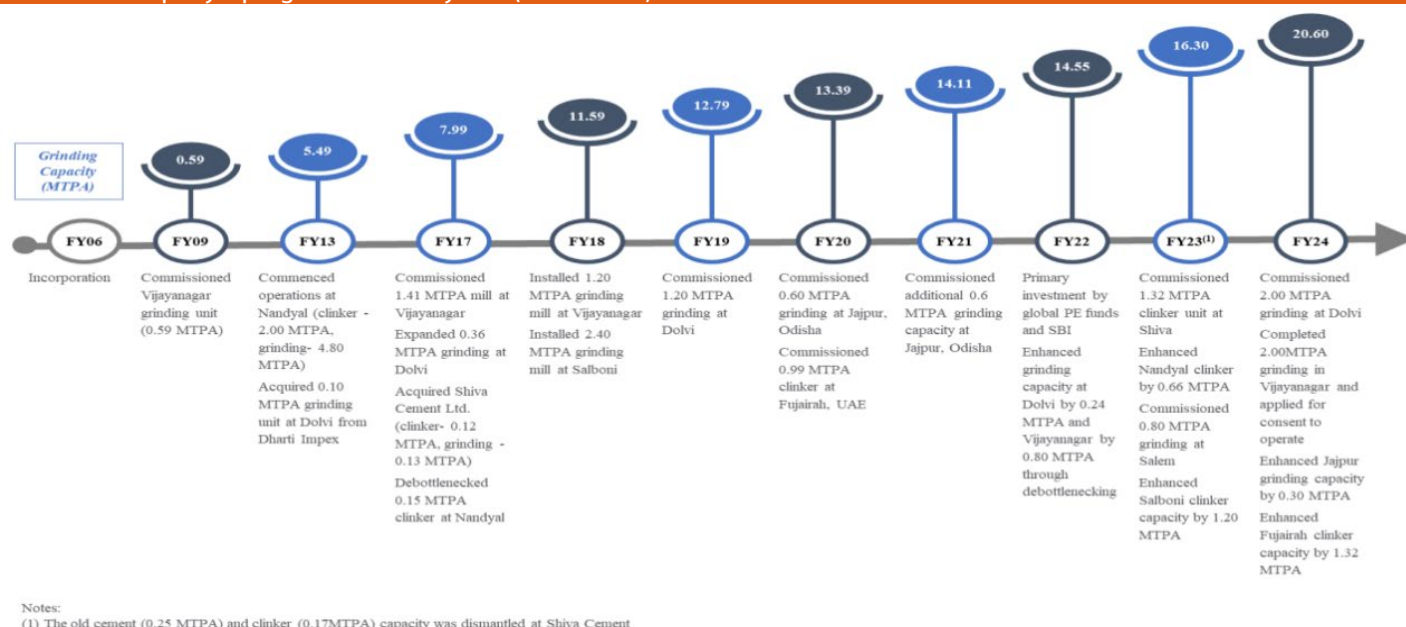
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## Company Background

JSW Cement is the part of the JSW Group, a multinational conglomerate with a portfolio of diversified businesses across various sectors such as steel, energy, maritime, infrastructure, defence, business-to-business e-commerce, realty, paints, sports and venture capital. They benefit from their access to other companies that are part of the JSW Group. For example, they source key raw materials such as blast furnace slag from JSW Steel Limited and power from JSW Energy Limited for their operations. As part of the JSW Group, they benefit from synergies with the long established “JSW” brand.

Company commenced operations in 2009 in the southern region of India through a single grinding unit in Vijayanagar, Karnataka. Since then, the company has expanded its presence across the southern, western and eastern regions of India and also in UAE.

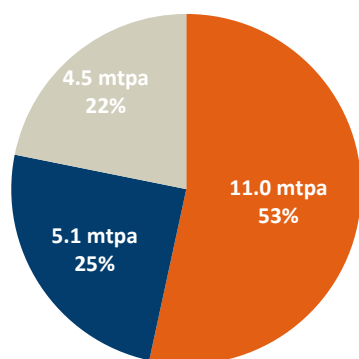
**Exhibit 1: Company's progress over the years (FY06-FY24)**



Source: Company RHP

Company has installed Grinding Capacity of 20.6 mtpa consisting of 11.0 mtpa in Southern region, 4.5 mtpa in Western region and 5.1 mtpa in Eastern region. They also have installed Clinker Capacity of 6.4 mtpa which includes the installed Clinker Capacity of JSW Cement FZC (~2.31 mtpa in Fujairah, UAE). Majority of the capacity has been developed organically. To ensure consistent supply of limestone, which is a key raw material for cement production, they have the right to mine across 10 limestone mines in India, with an aggregate limestone residual reserve of 1,089.09 million tonnes and one limestone mine in the UAE with a limestone residual reserve of 193.58 mt. The plants are strategically located in close proximity to limestone mines and are well-connected by road and/or rail to cost effectively source raw materials.

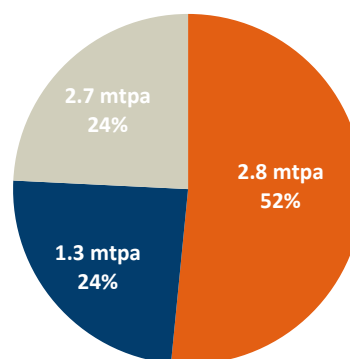
Exhibit 1: Cement Capacity – 20.6 mtpa at FY25 end



South East West

Source: Company, ICICI Direct Research

Exhibit 2: Clinker Capacity – 6.4 mtpa at FY25 end

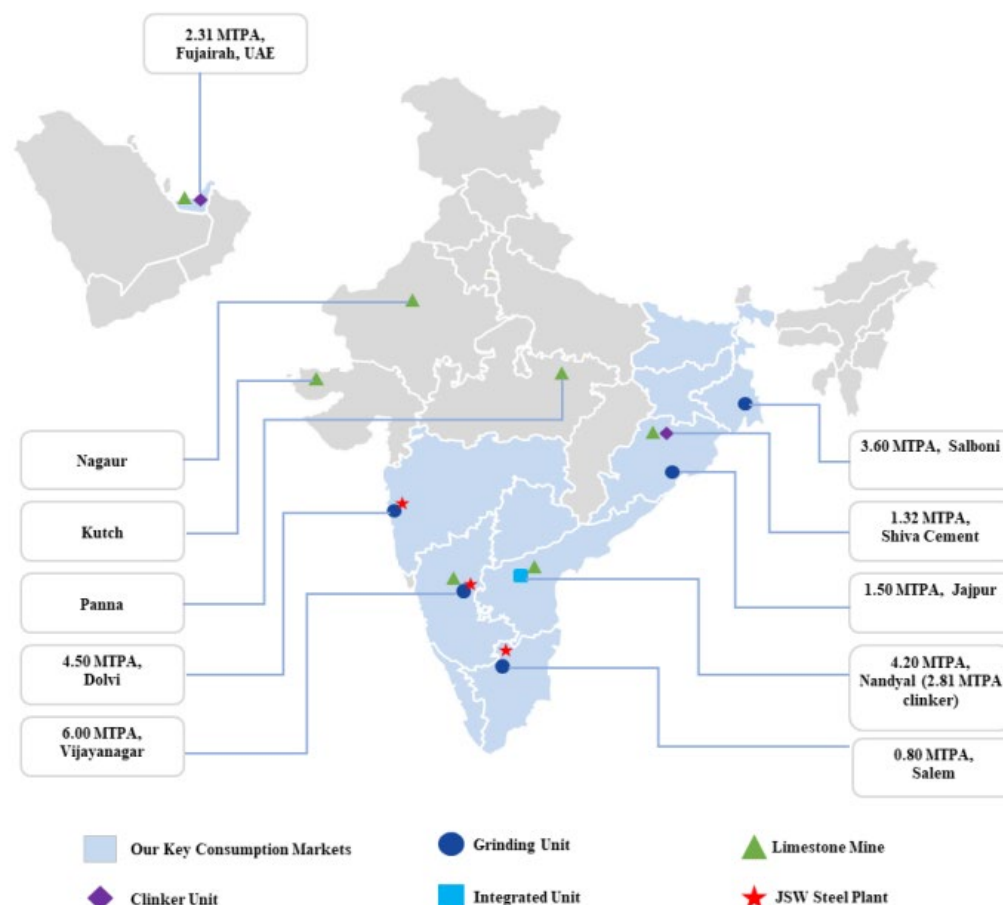


South East UAE

Source: Company, ICICI Direct Research

To reduce the dependence on coal and petroleum coke as sources of fuel, they co-process industrial waste as alternate fuel sources. As a result, in FY25, their thermal substitution rate (TSR), which represents the amount of alternate fuel consumed as a percentage of total fuel consumed was 16.39%. In addition, they utilise green power such as power generated from solar panels and waste heat recovery system (WHRS) to fulfil a part of their power requirements at some of the plants and intend to expand their dependence on green power across all plants. Dependence on green power sources was around 3.80% in FY23, 15.01% in FY24 and 21.48% in FY25

Exhibit 3: Existing Cement plants capacity &amp; locations



Source: Company RHP

Company is currently undertaking greenfield and brownfield expansion plans across India, including in the north and central regions, to increase their Grinding Capacity to 40.9 mtpa and Clinker Capacity to 13.0 mtpa, and create a pan-India footprint

Company is largest manufacturer of ground granulated blast furnace slag (GGBS), with a market share in terms of GGBS sales of 84% in FY25, according to the CRISIL Report. GGBS is an eco-friendly product produced entirely from blast furnace slag (a by-product of the steel manufacturing process). Company have entered into long-term contracts with JSW Steel Limited, two of its subsidiaries, and a major steel producer in east India to procure a steady supply of blast furnace slag for periods ranging from three to five years (which is subject to extension as mutually agreed between the parties). Under the terms of agreements with JSW Steel Limited and its subsidiaries, slag is supplied at a fixed rate with annual revisions based on wholesale-price index and export price parity, which enables them to have stability in cost of purchasing blast furnace slag at these plants.

In terms of Clinker to Cement Ratio (CC Ratio), Company had CC ratio of 50.13%, in FY25 and 46.60% in FY24, which were lower than Peer Average of 66.43% in FY24, according to the CRISIL Report

Company's product portfolio includes –

- **Portland Slag Cement:** PSC is a blended cement product that is manufactured by using blast furnace slag, clinker and gypsum. PSC is sold under brand name "JSW Cement Portland Slag Cement", "JSW Cement Power Pro" and "JSW Cement Concreel HD". The key characteristics of PSC include its low heat of hydration as a result of which, it is considered to be an ideal cement to be used for mass construction such as residential, commercial and industrial projects, concrete roads, flyovers and dams. They manufacture three types of PSC cement – (i) PSC, (ii) PSC Power Pro; and (iii) Concreel HD
- **Portland Composite Cement:** PCC is manufactured by utilising high quality clinker, fly ash, blast furnace slag and gypsum. PCC is sold under brand name "JSW Cement Compcem". The key characteristics of PCC include high strength, enhanced durability, reduced concrete bleeding and segregation thus increasing the safety of structures
- **Ordinary Portland Cement - OPC** is manufactured by inter-grinding gypsum and clinker. The key characteristics of OPC are its quick setting properties and ability to reach optimal strength quickly, thereby increasing the speed of construction. OPC can also be blended with other mineral admixtures to form blended cement such as PSC
- **Ground Granulated Blast Furnace Slag - GGBS** is a highly eco-friendly product as it is produced entirely from blast furnace slag, which is a by-product of the steel manufacturing process. GGBS sold under our brand name "JSW Cement GGBS". According to the CRISIL Report, concrete made with GGBS continues to gain strength over time
- **Ready-Mix Concrete:** RMC is a concrete product that is delivered in a ready to use form. RMC is manufactured by blending cement, supplementary materials such as fly ash or GGBS, aggregates, water and admixtures. RMC simplifies the construction process by eliminating the need for on-site mixing. RMC is sold under brand name "JSW Concrete"
- **Screened Slag:** Screened slag is manufactured by screening blast furnace slag. Screened slag can be used as an alternative to river sand and crushed rock fines to fill in the pores of concrete structures to increase density thereby improving concrete strength and durability. Screened Slag is sold under brand name "JSW Slag Sand"
- **Construction Chemicals:** They manufacture a range of construction chemicals which act as supplementary products that aid in construction. It primarily includes (i) tile adhesives, (ii) grout; and (iii) mortar, among others. Construction Chemicals are sold under the brand names "JSW Cement Duraflor Floor Hardener" and "JSW Cement Enduro Plast"
- **Waterproofing Compounds:** Used to secure leakage and seepage prone locations and to make construction structures rain resistant. We sell our they are sold under the brand name "JSW Cement Krysta Leakproof"

## Key Strengths

### Aggressive capacity expansion provides growth visibility

Over the last 6 years, company has added 7.21 mtpa of capacity and increased the capacity to 20.6 mtpa in FY25 (from 13.39 mtpa in FY19). Going ahead, company is expanding its presence across India by entering newer geographies and adding to their capacities through greenfield as well as brownfield expansion

Company is already in process of commissioning 2.5 mtpa grinding capacity at Nagaur (Rajasthan) and 1 mtpa at Sambalpur (Orissa), both these facilities will be commissioned by FY27E. Total capex for 2.5 mtpa at Nagaur is estimated at ~Rs 2697 crore, of which ~Rs 1240 crore has already been deployed as of June 2025. Balance ~Rs 1457 crore is expected to be incurred during FY26E-27E (through Rs 800 crore from fresh issue proceeds and Rs 657 crore through borrowings). Post all the planned expansions, total installed Cement Grinding Capacity will be almost doubled from 20.6 mtpa to 40.9 mtpa. In the longer-term, company also plans to reach 60 mtpa

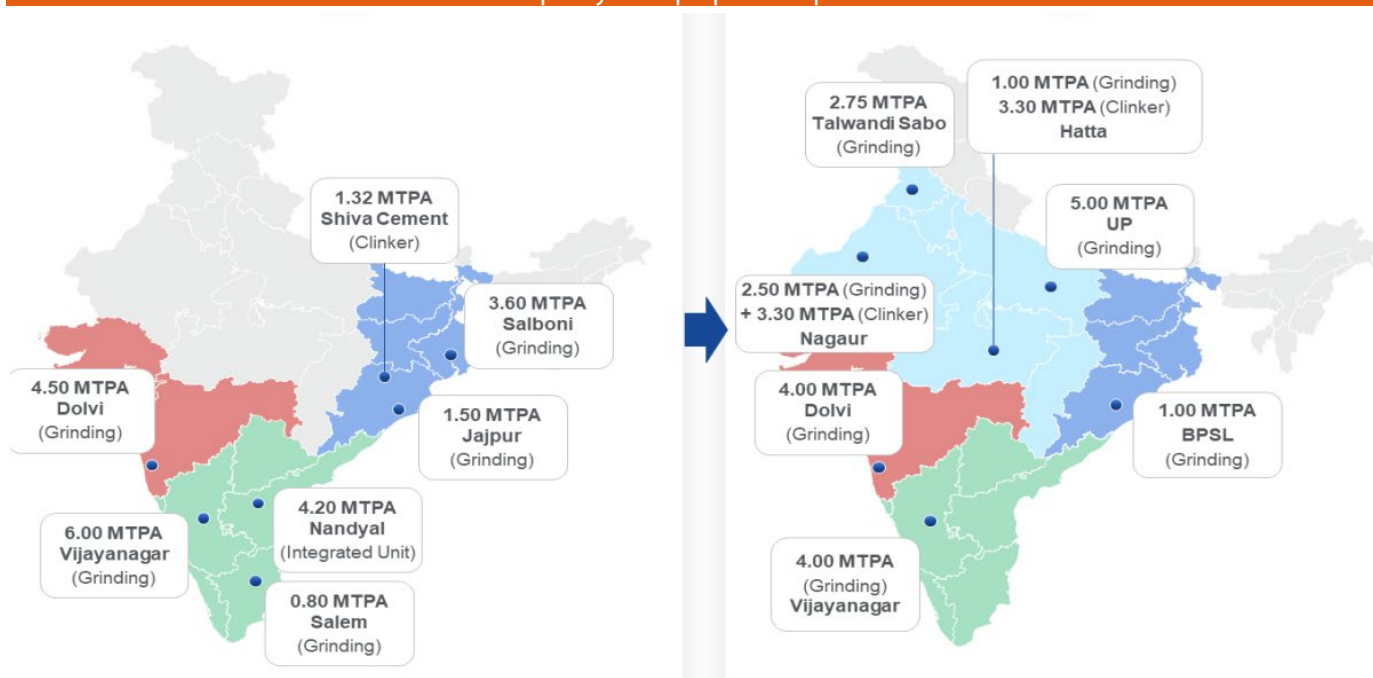
#### Exhibit 4: Proposed Cement capacity expansion

Regions	Plants location	Plant Type	Expansion Type	Cement Capacity (mtpa)
<b>Closing Capacity FY25</b>				<b>20.6</b>
North	Rajasthan (Nagaur)	Integrated Unit	Greenfield	2.5
North	Punjab (Talwandi Sabo)	Grinding Unit	Greenfield	2.8
North	Madhya Pradesh (Hatta)	Integrated Unit	Greenfield	1.0
North	Uttar Pradesh	Grinding Unit	Greenfield	5.0
East	Odisha (Sambalpur)	Grinding Unit	Greenfield	1.0
West	Maharashtra (Dolvi)	Grinding Unit	Greenfield	4.0
South	Karnataka (Vijayanagar)	Grinding Unit	Brownfield	4.0
<b>Total Proposed Capacity</b>				<b>20.3</b>
<b>Total Capacity Post-expansion</b>				<b>40.9</b>

Source: Company RHP, ICICI Direct Research

The company's capacity distribution has evolved over the past three years from FY23-FY25. In FY23, the South region accounted for 55% of the total capacity, while the East region represented 30%, and West region comprised 15%. As of FY25, the South region accounts for 53% of the overall capacity, while the East region follows with 25% and the West region holds 22%. Going ahead, with the proposed capacity expansion, company will expand its geographical presence in Northern regions with 27% (11.3 mtpa) of the total capacity, followed by 37% (15 mtpa) in Southern region, 21% (8.5 mtpa) in Western region and 15% (6.1 mtpa) in Eastern region

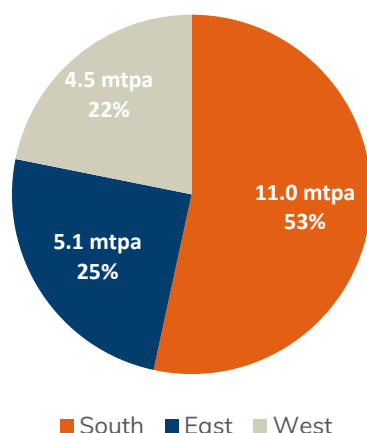
#### Exhibit 5: Locations of total cement & clinker capacity after proposed expansion



Source: Company RHP

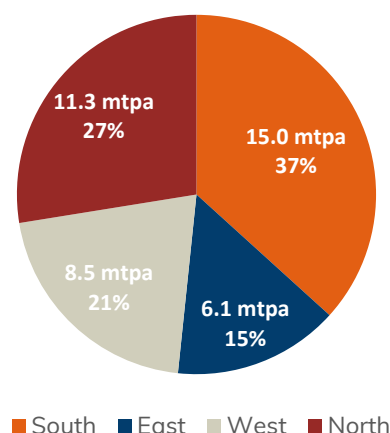


Exhibit 6: Cement Capacity in FY25



Source: Company, ICICI Direct Research

Exhibit 7: Cement Capacity post proposed expansion



Source: Company, ICICI Direct Research

At the same time, the company's clinker production capacity is expected to increase to 13 mtpa after proposed expansion, through 3.3 mtpa clinker unit at Naguar, Rajasthan and 3.3 mtpa in Hatta, Madhya Pradesh

Exhibit 8: Proposed Clinker capacity expansion

Regions	Plants location	Clinker Capacity (mtpa)
<b>Closing Clinker Capacity FY25 (Including JSW Cement FZC clinker unit)</b>		<b>6.4</b>
North	Rajasthan (Naguar)	3.3
North	Madhya Pradesh (Hatta)	3.3
<b>Total Proposed Capacity</b>		<b>6.6</b>
<b>Total Capacity Post-expansion</b>		<b>13.0</b>

Source: Company, ICICI Direct Research

Exhibit 9: Land acquisitions and regulatory clearance for plants

Proposed plant location	Region	Plant type	Land	Environment clearance	Consent to establish
Nagaur, Rajasthan	North	Integrated unit	Acquired	Granted	Granted
Talwandi Sabo, Panjab	North	Grinding unit	Acquisition in progress	Applied	To be applied
BPSL, Sambalpur, Odisha	East	Grinding unit	Proposed to be leased by Shiva Cement Limited	To be applied	To be applied
Vijayanagar, Karnataka	South	Grinding unit	Proposed to be leased by JSW Cement Limited from JSW Steel Limited	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

Source: Company, ICICI Direct Research

## Market leader of GGBS (Ground Granulated Blast Furnace Slag) with 84% market share; GGBS demand is also relatively better

Company is largest manufacturer of ground granulated blast furnace slag (GGBS), with a market share in terms of GGBS sales of 84% in FY25, according to the CRISIL Report. GGBS is an eco-friendly product produced entirely from blast furnace slag (a by-product of the steel manufacturing process)

Company have entered into long-term contracts with JSW Steel Limited, two of its subsidiaries, and a major steel producer in east India to procure a steady supply of blast furnace slag for periods ranging from three to five years (which is subject to extension as mutually agreed between the parties). Under the terms of agreements with JSW Steel Limited and its subsidiaries, slag is supplied at a fixed rate with annual revisions based on wholesale-price index and export price parity, which enables them to have stability in cost of purchasing blast furnace slag at these plants

The key raw material required to manufacture GGBS is blast furnace slag. Hence, GGBS manufacturers are concentrated around sources of blast furnace slag. Also, transporting GGBS to construction sites situated at a distance is not economically viable

Demand outlook of GGBS remains strong: GGBS is a strength-enhancing compound that improves durability of concrete structure. Thus, the demand for GGBS in the country, which was estimated at ~6.2 mt in FY25, is expected to grow at 14-15% CAGR over next five years, to 11.9-12.5 mt in FY30 (refer Exhibit 13). The sustained rise in demand will be because of GGBS being one of the most effective materials that can be used as replacement (for OPC and fly ash) in concrete manufacturing and growing awareness about the product's benefits among decision makers and certifying authorities

## Continue to improve operational efficiency and implement cost reduction measures

Company operates one thermal power plant at our Salboni plant which had an installed capacity of 18.0 MW as of March 31, FY25. It also sources power through a long term PPA with JSW Energy Limited from a thermal plant at Nandyal which had an installed capacity of 18.0 MW as of March 31, 2025

Company has installed a 12.3 MW WHRS at the Nandyal plant and 8.9 MW WHRS at the Shiva Cement Ltd. clinker unit in FY24. Their total WHRS capacity as of March 31, 2024 was 21.19 MW and was nil in Fiscals 2023 and 2022

Company sources solar power through a long term PPA with JSW Energy Limited for their operations. They have 15.5 MW of capacity at Nandyal plant followed by 8 MW of capacity at Vijayanagar plant and 3.5 MW of capacity at Salboni plant

### Exhibit 10: Overview of power sources

Source of power	FY25	FY24	FY23
<b>Thermal Power Plants</b>	<b>23.1%</b>	<b>23.6%</b>	<b>3.3%</b>
<b>Green power (WHRS + Solar power plants)</b>	<b>21.5%</b>	<b>15.0%</b>	<b>3.8%</b>
WHRS	12.7%	7.9%	-
Solar power plants	8.8%	7.2%	3.8%
<b>State electricity grids</b>	<b>55.5%</b>	<b>61.4%</b>	<b>92.9%</b>

Source: Company RHP, ICICI Direct Research

Company uses coal and petcoke as fuel for their operations such as manufacturing clinker and processing raw materials. As of March 31, 2025, they sourced coal and petcoke from both domestic and international suppliers on a purchase order basis. In FY25, FY24 and FY23 respectively, they utilised 0.15 mt, 0.36 mt, and 0.20 mt of coal and 0.23 mt, 0.11 mt, and 0.05 mt of pet-coke in their manufacturing operations

They also co-process industrial waste such as carbon black from the refinery sector, solvents from the pharmaceutical sector, RDF and multilayer packaging plastic waste and biomass or agri-waste materials such as rice husk as alternate fuel sources. At Nandyal plant, the Shiva Cement Limited clinker unit and the JSW Cement FZC clinker unit, they are co-processing such alternate fuels to reduce reliance on coal and petroleum. In FY25, FY24 and FY23, their thermal substitution rate was 16.39%, 6.89%, and 8.14% respectively

Going forward, the company is pursuing cost reduction strategies to enhance their profit margins while maintaining the ability to provide products at competitive market prices. They plan to lower expenses by effectively managing their raw materials, energy, fuel, and logistics costs

In the FY25, FY24, and FY23, the expenses for raw materials accounted for 24.98%, 21.71%, and 19.26%, of the revenue generated from operations. In an effort to lower raw material costs, the company has leveraged its research and development capabilities to utilize Al-killed slag, a by-product from steel manufacturing, alongside blast furnace slag, to partially replace limestone in the production processes at the Nandyal plant. This initiative will contribute to a decrease in limestone consumption, thereby lowering overall raw material expenses and reducing carbon dioxide emissions. The company plans to implement similar strategies in its other facilities as well

### Exhibit 11: Source of Blast furnace slag

Source of Blast Furnace Slag	FY23	FY24	FY25
From JSW Steel Limited (and its subsidiaries) through contracts	88.77%	90.93%	92.93%
From third-party steel producer through contracts	10.43%	8.07%	5.87%
From other sources at spot rates	0.80%	1.00%	1.20%

Source: Company RHP, ICICI Direct Research

In the FY25, FY24, and FY23, power and fuel expenses accounted for 14.57%, 16.43%, and 17.69%, of the revenue generated from operations. To mitigate power and fuel expenditures, the company plans to enhance its utilization of green energy sources, which include power derived from Waste Heat Recovery Systems (WHRS) and solar energy, as well as alternative fuel sources that are more economical than traditional power and fuel while also being environmentally sustainable. At present, the company has a solar power supply at its Nandyal, Vijayanagar, and Salboni plants to meet a portion of the energy needs at these facilities and aims to increase its reliance on solar energy across all plants in the future. They have implemented WHRS at the Nandyal plant and the Shiva Cement Limited clinker unit, with plans to install WHRS in all upcoming clinker units as part of their expansion strategy. Additionally, they have installed alternative fuel handling systems at the Nandyal plant, the Shiva Cement Limited clinker unit, and the JSW Cement FZC clinker unit to reduce their dependence on fossil fuels

Further, the expanded clinker capacity at the JSW Cement FZC plant is expected to increase the operational efficiency of the plant, thus reducing its production costs, which in turn will lead to a reduction in clinker costs for Dolvi grinding unit which receives clinker from the JSW Cement FZC clinker unit.

Furthermore, company has also planned to mitigate future exposure to the price fluctuations of imported coal and petcoke. The company was announced as the successful bidder in 2023 to manage the Marwatola VI coal block located in Madhya Pradesh, which had residual reserves of 30.03 MMT as of March 31, 2025 and according to the coal block development and production agreement, the company is entitled to take possession of the Marwatola VI coal block. Once operations commence at this coal block, the company anticipates a reduction in future coal costs and a decreased vulnerability to the price volatility of imported coal and petcoke

Moreover, the increased clinker capacity at the JSW Cement FZC facility is anticipated to enhance the plant's operational efficiency, by lowering its production expenses. This reduction will subsequently decrease the clinker costs for the Dolvi grinding unit, which receives clinker from the JSW Cement FZC clinker unit

In FY25, FY24 and FY23, company's freight and handling expenses comprised 24.02%, 23.50%, and 24.24% of their revenue from operations. Going forward, company is harnessing digitalisation to boost service quality and ensure cost-effectiveness across 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 the products by utilising yard management systems, radio frequency identification (RFID) and global positioning system (GPS) tracking along with automated route and fleet optimisation

## Industry Overview

The central government's total budget for FY26 (Budget Estimate) is Rs 19.79 lakh crore, comprising: (i) total expenditure through the budget (Gross Budgetary Support – “GBS”), (ii) resources of public enterprises (Internal and Extra-Budgetary Resources – “IEBR”), and (iii) grants-in-aid for the creation of capital assets (Grants-In-Aid – “GIA”). This represents a 16.4% increase from the revised estimate for FY25

The budgetary capital expenditure for infrastructure ministries, including the Ministry of Railways, Ministry of Road Transport and Highways, Ministry of Rural Development, Ministry of Housing and Urban Affairs, Ministry of Power, Ministry of New and Renewable Energy, Ministry of Jal Shakti, Ministry of Ports, Shipping and Waterways, Ministry of Civil Aviation, and the Department of Atomic Energy, is Rs 10.7 lakh crore, up 11.6% from the revised estimate for FY25

The Cement Industry in India is estimated to have witnessed an investment of Rs. 1.3 lakh crore – 1.35 lakh crore in the past five years (FY21-FY25) with regards to adding new capacities, brownfield expansions, debottlenecking, and maintenance of existing plants. Over the next five years (FY26E-FY30E), it is anticipated that around 240-250 mtpa of grinding capacities will come online, necessitating an investment of around Rs. 1.6 lakh crore -1.7 lakh crore. This represents a healthy increase, equivalent to about 1.2 times the capital expenditure incurred over the previous five-year period

Going ahead, share of housing segment is expected to marginally contract over the next five years (FY26E to FY30E), it will continue to remain a key contributor, backed by a lower

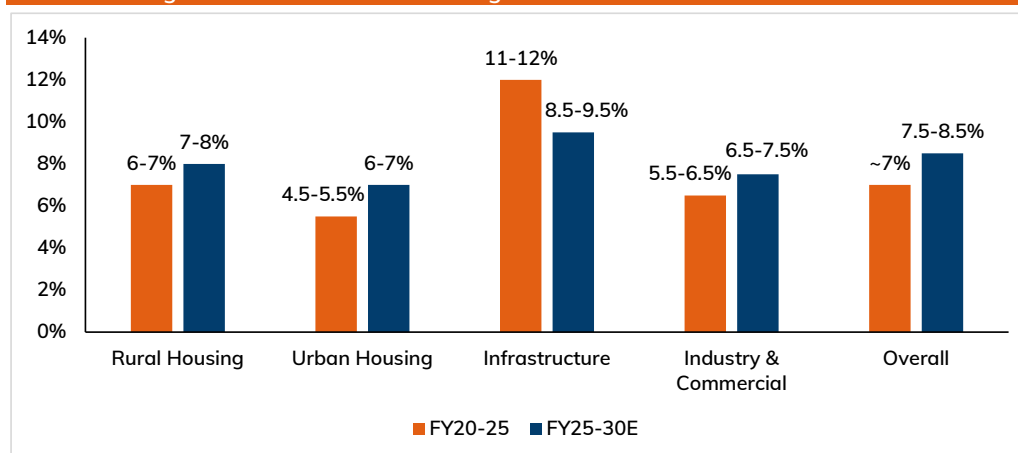


concretisation rate in the country (which means high potential for cement demand growth). Even as housing will be the key volume contributor, infrastructure will expand its share, with the government focusing on infrastructure spending through its flagship schemes, such as PM Gati Shakti, and rising investments in roads, railways, metros, airports, and irrigation. The segment's share is expected to increase to 31-33% in FY30. The Central government's focus on roads, railways, urban infrastructure, and irrigation will boost infrastructure investments.

On the other hand, the share of the industrial and commercial segment is expected to remain almost at par with marginal decline to 12-14% in FY30E. Recent government initiatives, such as the PLI scheme and Atmanirbhar Bharat, focus on multimodal logistics, warehousing, hybrid model of working and rising capex owing to a long-term positive demand outlook are expected to support demand from the industrial segment. Thus, in the longer run, cement demand will be driven by the infrastructure segment, which has been key driver in the past as well.

Growth in the industrial and commercial segment is expected to be supported by government initiatives, such as the PLI schemes and Atmanirbhar Bharat, focus on multimodal logistics, warehousing, hybrid model of working and rising capex. The housing segment would continue its healthy growth trajectory, with rural housing outpacing the urban segment on the back of a lower development base and a continued rise in the concretisation of kuccha houses.

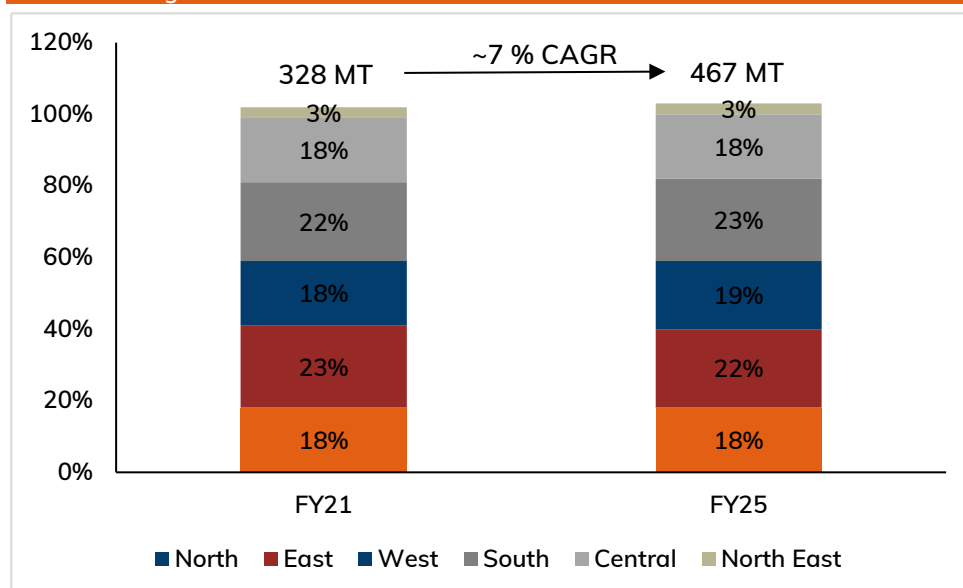
**Exhibit 12: Segment wise cement demand growth outlook from FY25-30E**



Source: Company RHP, ICICI Direct Research

Looking at region-wise cement demand, over the past five years (FY21-FY25), the northern region (primarily Rajasthan, Delhi and Haryana) saw strong demand growth led by a surge in infrastructure construction coupled with urban housing. The region witnessed healthy uptick in demand post covid disruptions leading to higher CAGR compared to other regions. While other regions followed, South (Karnataka, Kerala, Tamil Nadu, AP-Telangana) witnessed lowest growth amongst other regions owing to higher covid related disruptions coupled with political instability and adverse weather conditions in the latest FY25. Overall, cement demand logged a healthy CAGR of ~7% over the five-year period, supported by healthy growth year of post-covid recovery during FY22 followed by pre-election boost during FY23 and FY24.

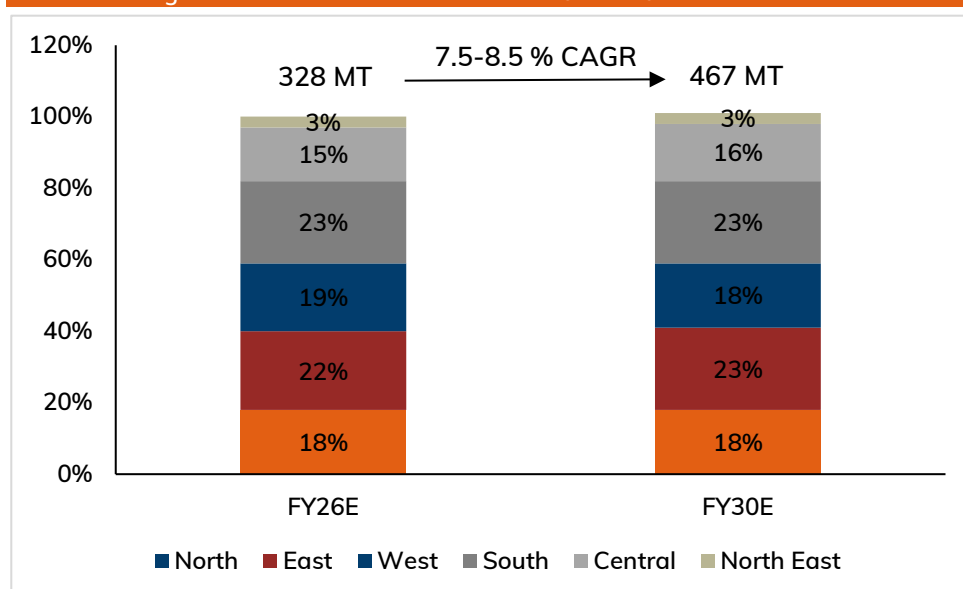
Exhibit 13: Regional demand trend FY21-FY25



Source: Company RHP, ICICI Direct Research

Going ahead, cement demand is expected to log a slightly higher 7.5-8.5% CAGR between FY26 and FY30. During this period, the eastern (including north-east) and central regions, which have a higher housing shortage and a lower base in terms of per capita cement consumption, are expected to exhibit robust growth, followed by the south and north. Demand in the southern region will be supported by real estate and urban housing projects, and road and irrigation infrastructure projects. Central vistas project, metro projects in Delhi and Gurgaon will continue to support demand in the north. The western region is expected to witness moderate growth on a high base. This region has high-budget infrastructure projects under execution (Mumbai-Ahmedabad bullet train, multiple expressways and metro projects in Mumbai) but already has the highest per capita cement consumption, which will limit the demand growth potential.

Exhibit 14: Regional cement demand outlook FY26E-FY30E



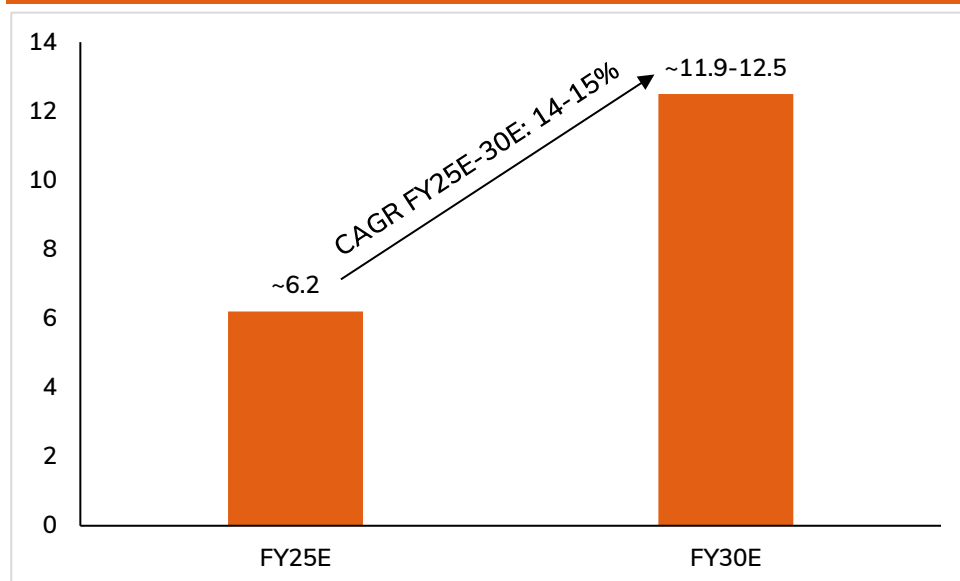
Source: Company RHP, ICICI Direct Research

## Demand and outlook of GGBS in India

GGBS is a strength-enhancing compound that improves durability of concrete structure. Thus, the demand for GGBS in the country, which was estimated at ~6.2 mt in FY25, is expected to grow at 14-15% CAGR over next five years, to 11.9-12.5 mt in FY30. The sustained rise in demand will be because of GGBS being one of the most effective materials that can be used as replacement (for OPC and fly ash) in concrete manufacturing and growing awareness about the product's benefits among decision makers and certifying authorities.

In FY25, the penetration of GGBS (GGBS-to-RMC ratio) was estimated at ~6%. With improving penetration of RMC and rising adoption of GGBS, the penetration of GGBS is expected to improve to 7% by FY30. Increasing adoption of GGBS is expected to be led by efforts of industry participants, including JSW Cement, which are making efforts to educate key influencers about the product's benefits, conducting successful design mix trials at project sites, presenting the results to certifying authorities, and getting necessary approvals from project management consultants, who are key decision makers as well, and concerned government departments, if any. Also, the various studies being conducted proving the benefits for using GGBS in concrete structures is gradually improving the awareness among the stakeholders, and, thus, willingness to pay for the products. The key concern, though, is timely delivery and availability of the product near the project site, as transporting GGBS to distant sites can add to the overall cost of the project

Exhibit 15: GGBS demand outlook

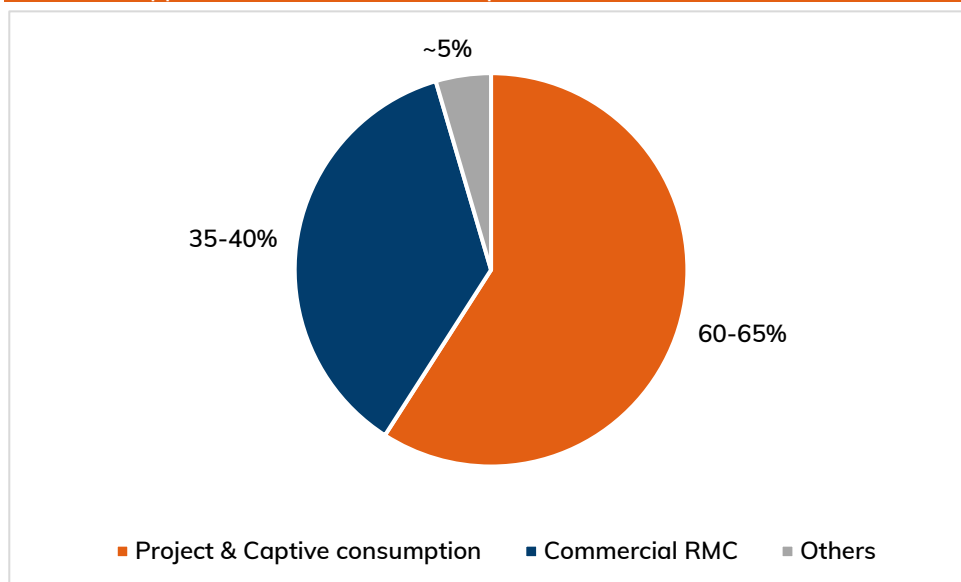


Source: Company RHP, ICICI Direct Research

The key raw material required to manufacture GGBS is blast furnace slag. Hence, GGBS manufacturers are concentrated around sources of blast furnace slag. Also, transporting GGBS to construction sites situated at a distance is not economically viable. Therefore, GGBS produced in a region is largely consumed in that region. 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 a key monitorable. There is no production and consumption of GGBS in northern India owing to the absence of availability of blast furnace slag. Among the states in southern and western India, Karnataka, Telangana and Maharashtra are leaders in terms of adoption of GGBS. Andhra Pradesh and Gujarat have also shown fair adoption. In fact, Hyderabad, Mumbai, Pune and Bengaluru are using GGBS in key infrastructure projects (i.e., metro, airport, highway, sea-links, etc), high-rise buildings, marine applications (dams and shore protection structures), and effluent and sewage treatment plants

GGBS is commonly used as a cementitious material in blended cement as a replacement for Portland cement in concrete production. Commercial RMC, and project and captive consumption are major applications of GGBS, accounting ~90-95% share in Fiscal 2025. Soil stabilisation, AAC (autoclaved aerated concrete), grout, dry mix products, microfine GGBS and geopolymers are some of the upcoming applications of GGBS

**Exhibit 16: Application wise GGBS consumption FY25**



Source: Company RHP, ICICI Direct Research

## Risk & Concerns

- **Slowdown in demand**

Cement demand is mainly driven by housing, Infrastructure and commercial segments. Any capex slow-down in these segments can impact the overall industry demand and thus company's financials will also be affected. Considering company is market leader with 84% market share in GGBS segment, any demand slowdown in that segment will also adversely affect the company

- **Delay in capacity expansion and drop in utilization levels**

Company is in process of adding cement capacity of 2.5 mtpa in Rajasthan and 1 mtpa in Odisha and clinker capacity of 3.5 at Rajasthan which is expected till FY27. Moreover, company has also proposed total cement capacity of 20.6 mtpa and 6.6 mtpa of clinker capacity. Any delay in these expansions can impact company's volume growth & in turn lower profitability for the company

The utilization capacity of the plants is influenced by several factors, should the company fail to effectively utilize the available capacity to meet customer needs, it may persist in experiencing low utilization levels, which could significantly negatively impact their business and financial status. Furthermore, their failure to sustain or elevate the current levels of capacity utilization may adversely affect their business operations, financial results, and cash flows

- **Increase in commodity prices**

Raw material cost, Power & fuel cost & freight cost are the major operating cost elements for any cement company. Any increase in royalty or mineral tax on limestone can lead to increase in overall raw material cost. Also, increase in prices of fuel sources like pet-coke, imported coal can lead to increase in overall power & fuel cost. Thus, any cost increase in these cost elements can impact company's overall operating performance

Company is significantly dependent on JSW Steel Limited and its subsidiaries for the supply of blast furnace slag which is a key additive raw material used for manufacturing Ground Granulated Blast Furnace Slag (GGBS) and blended cement. As per the agreements entered with JSW Steel Limited and JSW Vijayanagar Metallics Limited, the Company has committed to acquiring the complete inventory of slag produced at their steel manufacturing facilities. Similarly, under the agreement with Bhushan Power and Steel Limited, company has agreed to purchase a monthly minimum quantity of the slag generated at its steel plant. If company fails to purchase the specified quantities of slag from JSW Steel Limited, JSW Vijayanagar Metallics Limited and Bhushan Power and Steel Limited, they are contractually required to monetarily compensate an amount equal to the sale price per ton for the slag not purchased

- **High competition in the industry**

Cement industry is highly competitive industry where no single player holds a major market share. The competitive intensity differs across different regions. Dalmia has significant exposure in regions like south, east, north-east and west. Any further increase in competition in these regions can impact capacity utilization of the company and thus sales volumes and profitability



## Financial summary

**Exhibit 17: Profit and loss statement**

₹ crore

(₹ Crore)	FY22	FY23	FY24	FY25
<b>Revenue from operations</b>	<b>4,668.6</b>	<b>5,836.7</b>	<b>6,028.1</b>	<b>5,813.1</b>
% Growth	20.9	25.0	3.3	(3.6)
Raw material cost	1,176.2	1,567.0	1,317.8	1,482.9
Power & Fuel cost	759.1	1,032.4	990.3	846.9
Freight Cost	1,107.2	1,414.7	1,437.1	1,396.0
Employee Expenses	244.6	294.6	299.4	369.5
Others cost	625.3	846.6	1,050.6	1,004.1
Total Operating Expenditure	3,912.4	5,155.2	5,095.2	5,099.3
<b>EBITDA</b>	<b>756.2</b>	<b>681.5</b>	<b>932.9</b>	<b>713.7</b>
% Growth	(12.4)	(9.9)	36.9	(23.5)
Other income	194.9	145.5	86.5	101.6
Interest	314.6	310.2	434.7	450.1
PBDT	636.5	516.7	584.7	365.2
Depreciation	238.5	373.2	278.3	310.3
PBT before Exceptional Items	398.0	143.5	306.4	54.8
Total Tax	164.1	20.8	162.3	120.1
PAT before MI	233.9	122.7	144.0	(65.3)
<b>Adjusted PAT</b>	<b>232.6</b>	<b>104.0</b>	<b>62.0</b>	<b>(163.8)</b>
% Growth	(6.9)	(55.3)	(40.4)	(364.1)

Source: RHP, ICICI Direct Research

**Exhibit 18: Cash flow statement**

₹ crore

(₹ Crore)	FY22	FY23	FY24	FY25
Profit after Tax	232.6	104.0	62.0	(163.8)
Depreciation	238.5	373.2	278.3	310.3
Interest	314.6	310.2	434.7	450.1
Cash Flow before WC changes	785.7	787.5	775.0	596.7
Changes in inventory	(110.9)	11.7	(26.8)	46.8
Changes in debtors	(146.9)	55.5	(72.1)	1.0
Changes in loans & Advances	(22.7)	(167.9)	10.2	(69.2)
Changes in other current assets	(135.8)	(56.4)	103.5	(250.0)
Net Increase in Current Assets	(559.1)	(224.6)	(32.5)	55.4
Changes in creditors	169.2	1.3	138.1	15.3
Changes in provisions	(0.1)	(0.1)	1.0	0.3
Net Inc in Current Liabilities	239.4	182.0	246.7	309.3
<b>Net CF from Operating activities</b>	<b>466.0</b>	<b>744.8</b>	<b>989.2</b>	<b>961.4</b>
Changes in deferred tax assets	(10.5)	(57.4)	(49.2)	(1.2)
(Purchase)/Sale of Fixed Assets	(1,168.9)	(1,159.5)	(1,001.3)	(1,174.1)
<b>Net CF from Investing activities</b>	<b>(1,226.4)</b>	<b>(1,758.7)</b>	<b>(790.5)</b>	<b>(1,185.2)</b>
Dividend and Dividend Tax	-	-	-	-
<b>Net CF from Financing Activities</b>	<b>1,179.9</b>	<b>513.9</b>	<b>62.2</b>	<b>31.3</b>
Net Cash flow	419.5	(499.9)	261.0	(192.5)
Opening Cash/Cash Equivalent	135.5	554.9	55.0	316.0
<b>Closing Cash/ Cash Equivalent</b>	<b>554.9</b>	<b>55.0</b>	<b>316.0</b>	<b>123.5</b>

Source: RHP, ICICI Direct Research

**Exhibit 19: Balance sheet**

₹ crore

(₹ Crore)	FY22	FY23	FY24	FY25
Equity Capital	986.4	986.4	986.4	986.4
Reserve and Surplus	1,125.7	1,254.4	1,399.1	1,386.0
Total Shareholders funds	2,112.0	2,240.7	2,385.5	2,372.3
Total Debt	4,622.1	5,421.5	5,835.8	6,166.6
<b>Total Liabilities</b>	<b>7,459.5</b>	<b>8,223.6</b>	<b>9,077.2</b>	<b>9,452.9</b>
Gross Block	4,546.8	4,464.4	6,066.4	6,801.8
Acc: Depreciation	713.4	971.1	1,196.2	1,363.7
Net Block	3,833.4	3,493.3	4,870.2	5,438.1
Capital WIP	872.3	1,575.4	739.2	1,024.7
Total Fixed Assets	5,449.1	6,235.4	6,958.5	7,822.2
Non Current Assets	1,191.0	1,626.0	1,709.8	1,779.0
Inventory	460.2	448.5	475.3	428.5
Debtors	766.3	710.8	782.8	781.8
Other Current Assets	357.1	413.5	310.0	560.1
Cash	554.9	55.0	316.0	123.5
Total Current Assets	2,632.4	2,357.1	2,650.6	2,402.8
Current Liabilities	1,082.8	1,084.1	1,222.2	1,237.6
Provisions	89.4	85.3	87.0	90.0
Total Current Liabilities	1,813.0	1,995.0	2,241.7	2,551.0
Net Current Assets	819.4	362.1	408.9	(148.3)
<b>Total Assets</b>	<b>7,459.5</b>	<b>8,223.6</b>	<b>9,077.2</b>	<b>9,452.9</b>

Source: RHP, ICICI Direct Research

**Exhibit 20: Key ratios**

(₹ Crore)	FY22	FY23	FY24	FY25
Adjusted EPS	2.4	1.1	0.6	(1.7)
Cash per Share	5.6	0.6	3.2	1.3
BV	21.4	22.7	24.2	24.1
EBITDA Margin	16.2	11.7	15.5	12.3
PAT Margin	5.0	1.8	1.0	(2.8)
RoE	11.0	4.6	2.6	(6.9)
RoCE	10.6	5.9	9.0	5.9
RoIC	8.4	4.1	8.3	4.8
EV / EBITDA	24.6	29.2	21.5	28.8
P/E	62.3	139.4	233.8	(88.5)
EV/ton (\$)	150	143	114	117
EV / Net Sales	4.0	3.4	3.3	3.5
Sales / Equity	2.2	2.6	2.5	2.5
Market Cap / Sales	3.1	2.5	2.4	2.5
Price to Book Value	6.9	6.5	6.1	6.1
Asset turnover	0.7	0.8	0.7	0.7
Debtors Turnover Ratio	6.7	7.9	8.1	7.4
Creditors Turnover Ratio	4.7	5.4	5.2	4.7
Debt / Equity	2.2	2.4	2.4	2.6
Current Ratio	1.0	0.9	0.9	0.9
Quick Ratio	0.7	0.7	0.6	0.7

Source: RHP, ICICI Direct Research

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