



JSW CEMENT LTD.

Initial Public Offering (IPO) Report – August 2025

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DETAILS

IPO Open/Close Dates	Aug 7, 2025 – Aug 11, 2025
Issue Size (₹ Cr)	₹3600 Cr (₹1600 Cr Fresh + ₹2000 Cr OFS)
Price Band & Lot Size	₹139 - ₹147 per share (102 shares per lot)
GMP (Grey Market Premium)	₹9.5 (as of 6th August 2025)

Total Issue Size: ₹3600 Cr (as per DRHP)

- Fresh Issue: ₹1600Cr
- Offer for Sale (OFS): ₹2000 Cr (by promoters)

Promoter Dilution:

- ~6.28% of total issue size
- Promoter holding pre-issue: ~78.62%

Objects of the Issue:

- ₹800Cr for **Capex** (new Cement Unit expansion in Nagaur, Rajasthan)
- ₹520 Cr for **Debt repayment**

Inorganic Expansion (M&A):

- **No allocation mentioned** in DRHP
- Focus entirely on **organic growth**

INDUSTRY OVERVIEW

INDUSTRY SIZE, GROWTH TRENDS, AND PROJECTIONS

- **India** is the 2nd largest cement producer globally, with a capacity of ~590 MTPA.
- Industry revenue grew at a **CAGR of 8.6% (FY18–23)**, reaching ₹1.6 lakh crore.
- Capacity utilisation improved to ~71% in FY23, driven by post-COVID demand recovery.
- Eastern India is the fastest-growing region due to infrastructure focus and lower base.
- Over 70% of cement is blended (PPC & PSC), highlighting a shift to greener alternatives.
- The industry is becoming increasingly consolidated, with the top 5 players holding more than 55% share.

KEY GROWTH DRIVERS & HEADWINDS

Growth Drivers:

- **Massive infrastructure spending** – Govt allocated ₹10 lakh crore in Union Budget 2023–24 for railways, roads, and housing, creating sustained cement demand.
- **Urbanisation & affordable housing boom** – Schemes like **PMAY** and rising middle-class home ownership are accelerating cement consumption across India.
- **Rapid growth in eastern & northeastern regions** – These underpenetrated markets are witnessing strong cement demand from new roads, metros, and smart cities.

Headwinds:

- **Cost inflation** – High dependency on imported coal, pet coke, and diesel leads to unpredictable operating margins.
- **Overcapacity in some regions (esp. South)** – Intense competition causes price wars and underutilisation of plants.
- **Environmental & ESG pressures** – Carbon emission norms and decarbonisation expectations are increasing compliance and capex burden.

GOVERNMENT POLICIES/INCENTIVES

- **100% FDI allowed** in the cement sector under automatic route.
- Infrastructure granted '**priority sector**' status — unlocking financing and demand.
- **PLI scheme + PMAY** have indirectly boosted long-term cement consumption.
- Focus on **green cement and circular economy** aligns with PSC/blended cement.
- Several states offer **land, water, and electricity subsidies** for cement plants.
- **Zero by 2070** target is pushing cement players toward low-carbon production.

COMPETITIVE LANDSCAPE & POSITIONING

- Cement sector is **oligopolistic** — led by UltraTech, Adani (Ambuja + ACC), Shree, Dalmia, and JSW.
 - **JSW Cement** is among the top 3 fastest growing cement manufacturing companies in India in terms of increase in installed grinding capacity and sales volume from FY 2015 to FY 2025.
 - Known for **green cement leadership** (PSC cement) and sustainable practices.
 - Strong **backward integration and logistics** support via JSW Group.
 - **Regional focus** on East and South gives JSW a growing presence in underpenetrated markets.
 - Brand presence enhanced via **JSW One platforms** and construction ecosystem synergies.
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PEER COMPARISON TABLE (REVENUE, MARGINS, VALUATION MULTIPLES)

Company Name	Revenue (₹ CR)	EBITDA Margins	NAV (per share) (₹)	P/E (x)	RoNW (%)
JSW Cement Limited	₹5,813.07	13.78%	23.85	-	(4.85)
Ultratech Cement Limited	₹75,955.13	17.51%	2,403.71	59.56	8.54
Ambuja Cement Limited	₹33,697.70	25.60%	218.00	35.97	7.80
Shree Cement Limited	₹19,282.83	23.46%	5,969.32	97.77	5.21
Dalmia Bharat Limited	₹13,980.00	17.22%	926.34	60.39	3.93
JK Cement Limited	₹11,879.15	17.06	788.03	58.39	14.14

FINANCIAL ANALYSIS

RELATED PARTY TRANSACTIONS (RPTS) TREND IN THE YEAR BEFORE IPO

In the years leading up to its IPO, JSW Cement has demonstrated a consistent increase in related party transactions (RPTs), reflecting its expanding scale of operations and deepening integration with the JSW Group ecosystem. The total value of RPTs rose from ₹631.99 crore in FY21 to ₹693.34 crore in FY22, ₹801.19 crore in FY23, and further to ₹905.69 crore in FY24. This upward trend was primarily driven by higher purchases of slag from JSW Steel, increased power transactions with JSW Energy, and shared services including logistics, rent, and inter-corporate deposits. Despite the rising volumes, the company has disclosed that all RPTs were conducted at arm's length and in the ordinary course of business, with proper approvals from the audit committee, indicating a strong compliance framework. No one-off or unusual transactions were recorded in the year prior to the IPO.

DEBTORS' TURNOVER RATIO TREND ANALYSIS

The Debtor Turnover Ratio of JSW Cement has shown a **gradual decline** over the last three years —

8.21× in FY23

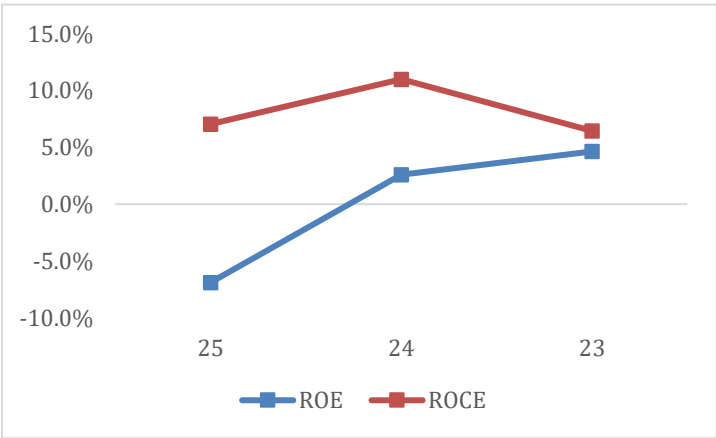
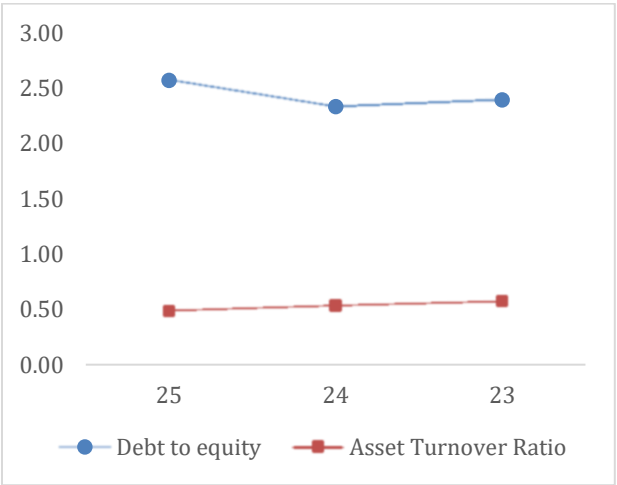
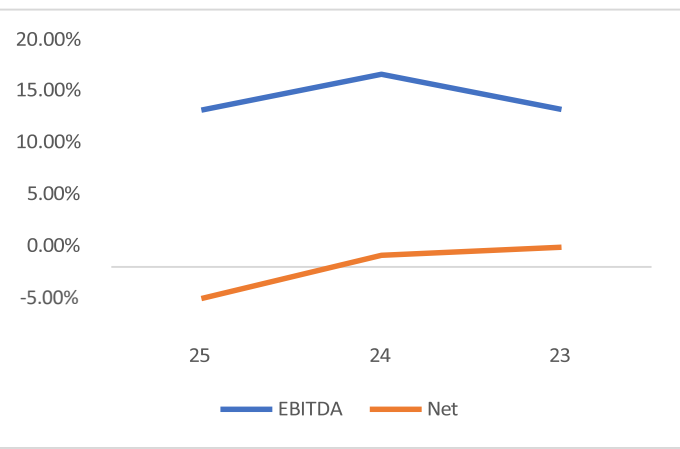
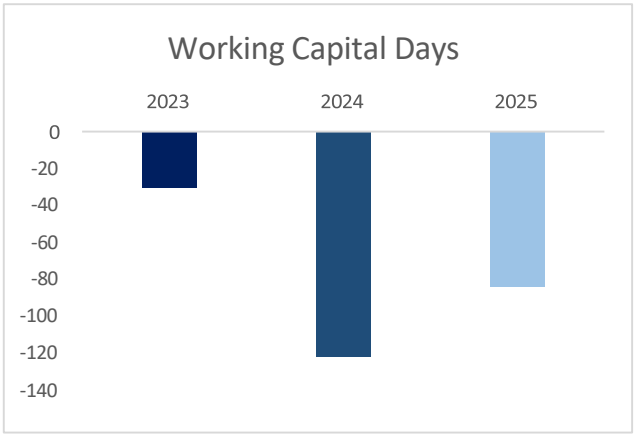
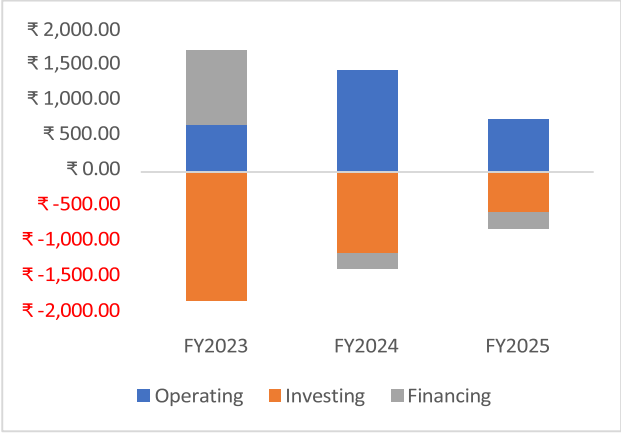
7.70× in FY24

7.44× in FY25

This downward trend suggests a **lengthening of the company's receivables cycle**, indicating that collections from customers are taking slightly longer over time. While a DTR above 7× still reflects **fairly efficient working capital management** for the cement industry, the declining trajectory may be attributed to **extended credit terms**, **higher sales to government or institutional buyers**, or increased exposure to new or rural markets. The trend warrants monitoring to ensure it doesn't affect the liquidity position going forward.

PROFITABILITY TREND AND REASONING FOR INCREASE IN YEAR BEFORE IPO

JSW Cement's profitability over FY23 to FY25 shows an initial rise followed by a sharp decline. In FY23, the company posted a profit before tax (PBT) of ₹124.84 crore and a net profit of ₹104.38 crore, reflecting stable operations. In FY24, PBT jumped to ₹224.36 crore, showing strong operating growth; however, the net profit rose only modestly to ₹131.26 crore, indicating higher tax expenses or deferred tax adjustments limiting bottom-line gains. By FY25, the company reported a sharp reversal with a loss before tax of ₹43.64 crore and a net loss of ₹163.07 crore, largely due to a significant loss from joint ventures and associates (₹984.73 crore), rising finance costs, and fuel expenses. This trend highlights how one-off non-operational factors, particularly JV losses, heavily impacted the profitability in FY25 despite continued revenue strength.



CASH FLOW HEALTH

Operating Activities:

- **FY23:** Net cash from operations stood at **₹653.16 crore**, supported by an operating profit of ₹887.38 crore. Positive cash flow was aided by a ₹416.70 crore increase in trade payables, partially offset by higher inventory and asset buildup.
- **FY24:** Operating cash flow improved to **₹1,407.71 crore**, driven by stronger operating profit (₹1,214.20 crore) and a significant rise in trade payables and other liabilities by ₹441.99 crore. This highlights better working capital management.
- **FY25:** Operating cash flow dropped to **₹736.68 crore**, despite higher operating profit of ₹928.06 crore. The decline was primarily due to a sharp increase in financial and other assets (₹256.77 crore) and income tax payments (₹31.07 crore), indicating working capital pressure.

Investing Activities:

- **FY23:** Outflow of **₹1,792.91 crore**, mainly due to ₹1,633.73 crore capex and ₹603 crore acquisition costs, partially offset by deposit redemptions.
- **FY24:** Outflow reduced to **₹1,119.81 crore**, with major expenses being ₹932.20 crore in capex and bank deposits.
- **FY25:** Further reduced outflow to **₹558.03 crore**, even with ₹1,151.66 crore capex, aided by ₹331 crore from investment sales and ₹188 crore bank deposit reversals.

Financing Activities:

- **FY23:** Positive cash inflow of **₹1,041.00 crore**, from ₹3,253.27 crore long-term borrowings, offset by ₹2,083.21 crore repayments.
- **FY24:** Outflow of **₹220.87 crore**, as repayments (₹508.47 crore) exceeded borrowings and interest cost remained high.
- **FY25:** Outflow rose to **₹231.77 crore**, primarily due to ₹1,919.63 crore repayment, though ₹2,383.88 crore was raised, showing continued but controlled reliance on debt.

Key Insights:

- **Strong operational cash generation** across all three years signals healthy core profitability.
- **FY24 was the peak year** for operating inflows, while **FY25 showed strain** due to rising receivables and asset investments.
- **Capex-heavy strategy** continues, but better funding mix and asset sales in FY25 helped reduce net investment outflows.
- **Shift from aggressive debt funding to moderated financing activity** reflects improving financial discipline and maturity in capital structuring.

AUDITORS' REMARKS

The statutory auditors of JSW Cement (as detailed in the annual and restated financial statements) have issued an unmodified ("clean") audit opinion on the financial statements presented for Fiscals 2022, 2023, 2024, and for the interim period ending June 30, 2025. The auditors have confirmed that the financials are prepared in accordance with the Indian Accounting Standards (Ind AS) and the Companies Act, 2013. There have been no qualifications, emphasis-of-matter paragraphs, or other adverse remarks or explanatory notes that would impact the audit conclusion. The audit committee, consisting of a majority of independent directors, has reviewed key audit findings and is satisfied with the reporting framework.

This clean opinion provides assurance on the fair presentation and reliability of the company's operating results, cash flows, and balance sheet metrics disclosed in the DRHP.

RISK FACTORS

BUSINESS RISKS

- **Brand Ownership:** “JSW” trademark is not owned by JSW Cement directly; any group reputational risks may affect the company.
- **Growth Management:** Rapid expansion carries risks of overstretching operational capabilities and diluting service quality .

REGULATORY, LEGAL & TAX RISKS

- **Real Estate Compliance & Title:** JSW Cement’s mining leases and plant titles are subject to multiple regulatory approvals. Any defects or delays in obtaining clearances may disrupt operations, delay expansions, or lead to legal challenges.
- **Mining Lease Risks:** Dependence on timely renewal and approval of mining leases for limestone and raw materials vital to production.
- **Regulatory Compliance:** Non-adherence to land and environmental laws may cause penalties or disrupt operations.
- **Tax Benefit Conditions:** Special tax incentives depend on fulfillment of prescribed conditions under indirect tax laws. Non-compliance or changing interpretations could eliminate expected benefits .
- **Litigation & Guarantees:** Promoters’ personal guarantees totalling ₹1,683.56 Mn (as of Sept 30, 2024) expose the Company’s financing to revocation risk; adverse litigation could trigger liabilities or financing challenges .

COMPETITIVE & PRICING PRESSURES

- **Intense Rivalry:** JSW Cement’s current installed grinding capacity for FY25 stands at 20.6 MMTPA, placing it among the smaller players when compared to its peers.
- **Demand Sensitivity:** Occupancy and client demand are tied to macroeconomic conditions; economic slowdowns may lead to higher vacancies or downward pressure on rentals .

CAPEX & EXECUTION RISKS

- **Expansion Capex:** JSW’s aggressive expansion especially the ₹8,000 crore Nagaur project could affect ROI and strain cash flows in the short term if there are delays due to environmental clearances, machinery installation, labor-related bottlenecks, cost overruns, or misalignment between demand projections and supply.
- **Dependency on Group Synergies:** A major part of JSW Cement’s cost advantage is based on internal sourcing from JSW Steel and JSW Energy. Any disruption, commercial realignment, or regulatory intervention that affects inter-company transactions could directly hit its input cost structure.
- **Dependency on External Sources:** Although JSW Cement benefits from group synergies, its exposure to fuel (coal, petcoke) and logistics costs remains significant. Any sudden spike in international energy prices or supply disruptions can narrow margins, particularly in plants that rely on external sourcing.

ENVIRONMENTAL AND REGULATORY RISKS

- Emission Standards: JSW Cement must comply with evolving emission norms, and failure could lead to production curtailments.
- Statutory Clearances: Delays or non-renewal of statutory licenses and permits may halt operations.
- Sustainability Obligations: Additional investment to meet ESG standards could increase costs.
- Environmental and Carbon Taxes: With increasing focus on sustainability, JSW Cement is exposed to risks from evolving carbon tax regimes and environmental levies. Higher tax rates or tariffs linked to carbon emissions or waste management can increase operational costs.

PROMOTER & GOVERNANCE RISKS

- Promoter Holding: Post-IPO promoter stake dilution from ~79% to ~72% reduces shareholder influence but maintains control.
- Group Risk: JSW Cement is part of the larger JSW Group; adverse developments at group companies or management changes may affect the company's reputation or regulatory standing.
- Governance Practices: Any lapses or perceived weaknesses in governance or related party transactions could undermine investor confidence.
- Tax Incentive Reliance: Any dependence on government tax incentives or exemptions for its manufacturing plants, which may be subject to periodic review, can lead to exposure if incentives are reduced or withdrawn.

GMP ANALYSIS

Grey Market Premium (GMP) is the unofficial premium at which IPO shares trade in informal over-the-counter markets ahead of their formal listing. It gives an early read on investor appetite and expected listing gains.

LATEST GMP TRENDS (JSW Cement IPO)

Below is a day-by-day snapshot of the grey market premium for JSW Cement Ltd, based on data from leading unofficial trading trackers:

Date (2025)	GMP (₹ per share)	Implied Listing Gain (%)
Aug 5 (Pre-IPO)	19	~13%
Aug 7 (Day 1)	8	~5%
(Day 2)	6	~4%

- **Pre-IPO sentiment (July 20):** GMP of ₹31–32 (~13%) indicated strong early interest ahead of the public offer.
- **Day 1 (July 23):** GMP spiked to ~₹40 (~17%), reflecting buoyant demand on the IPO's opening day.
- **Day 2 (July 24):** GMP corrected to ₹17–18 (~7%), as institutional and retail subscription data tempered initial exuberance.

INTERPRETATION & IMPLICATIONS

- The peak GMP of ~17% on Day 1 signals strong initial sentiment, but the downward trajectory to ~5% by Day 3 reflects significant price discovery through the official book-building process.
- At a GMP of ₹10–12, investors anticipate a listing gain of approximately 4–5% over the IPO's upper price band of ₹237.
- Sustained positive GMP, even after three days, underlines healthy demand, albeit at more conservative premiums aligned with broader market valuations.

LONG TERM OUTLOOK

SHORT- TERM & LONG- TERM OUTLOOK

- **Listing gains likely to be modest** (GMP ~₹15–20 → ~6–8% gain).
- Loss-making status may limit investor enthusiasm despite revenue growth.
- Sentiment-sensitive to subscription levels & broader market trends.

Long-Term Outlook:

- Strong industry growth drivers from **infrastructure spending, housing demand, and green cement adoption**.
- Large-scale capex (e.g., Nagaur plant) can significantly expand capacity if executed on time.
- Need for disciplined **capital efficiency and margin stability** to fully capture re-rating potential.
- Execution risk is elevated due to high capex intensity and dependence on imported fuel for some plants.

KEY POSITIVES

- Expanding capacity beyond **25 MTPA** over the medium term.
- Strategic focus on **PSC green cement**, aligning with ESG norms and attracting sustainability-focused investors.
- Backward integration through slag sourcing from JSW Steel and power from JSW Energy supports cost control.
- Strong presence in underpenetrated eastern and southern markets with potential for market share gains.

KEY RED FLAGS

- High capex burden (~₹800 Cr Nagaur expansion + ongoing investments) could strain short-term cash flows.
- Exposure to imported coal/petcoke and logistics costs leaves margins vulnerable to global price swings.
- Overcapacity in certain regions could trigger pricing pressure.
- Dependence on group synergies — disruptions at JSW Steel or JSW Energy could impact cost advantages

TARGET LISTING GAIN (SPECULATIVE ESTIMATE):

- ₹15–20/share expected GMP.
- Implies ~6–8% listing gain if sentiment sustains.

LONG-TERM FAIR VALUE ESTIMATE:

- Rough valuation: If EBITDA reaches ₹1,500 Cr in 4–5 years with sector-average EV/EBITDA multiples (6–7x), fair market cap could range ₹9,000–₹10,000 Cr — a meaningful upside from IPO valuation of ₹4,977 Cr.

Thank you for reading our detailed analysis on JSW Cement Ltd. We hope you found valuable insights that help you understand the company's strategic, operational, and financial landscape. Stay connected with us for more such deep dives and market insights:

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