

RESEARCH

[INITIATION] JSW CEMENT | TARGET: Rs 139 | +17% | BUY

A well-diversified play in the promising GGBS segment

IT SERVICES

Narrative of FY27 being modestly better, set for its first test

BOB ECONOMICS RESEARCH | MONTHLY ECONOMIC BUFFET

Economic Round-up: March 2026

SUMMARY

[INITIATION] JSW CEMENT

- Growth trajectory very robust with volume growth at ~17% CAGR over FY15-FY25; momentum to grow only stronger with capacity addition
- Earnings trajectory improving at 29% EBITDA CAGR over FY25-FY29E, backed by improving earnings quality and cost savings
- We value JSWCEMEN at 14x EV/EBIDTA FY28E estimated earnings and arrive at TP of Rs139 leaving 17% upside; assign BUY rating

[Click here](#) for the full report.

IT SERVICES

- Impact on growth of Advanced AI models and West Asia war will be key. Expect fourth slow year since pandemic acceleration of FY21-FY23
- 4QFY26 QoQ rev growth likely muted. Margin surprises on INR depreciation and advanced AI usage in Fixed price projects likely
- Remain UW. Sharp UP and relative near-term resilience generates illusion of value. We think it is a trap as medium term is uncertain

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INDIA ECONOMICS: MONTHLY ECONOMIC BUFFET

Economies across the globe have felt the economic shock following the outbreak of war between US and Iran. To give some perspective, crude oil prices have risen by ~50% since the war started (between 27 Feb and 2 Apr 2026), US 10Y yield has risen by 40bps and similar increase has been noted in Germany (+35bps), India (+47bps) and UK (+60bps). Equity markets have also suffered with Nikkei down by 9.7%, Dow Jones by 5%, and FTSE by 4.3%. DXY has surged by 2.5%, leading to significant pressure on other currencies. INR has also depreciated by 2.3% as of 2 Apr 2026, thereby trading close to 93/\$ mark.

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BUY

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JSW CEMENT

| Cement

| 06 April 2026

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On a healthy growth trajectory: JSW Cement (JSWCEMEN) has been the fastest-growing player among the top 10 cement companies in India, delivering a capacity CAGR of ~13% over FY15–FY25. Furthermore, capacity expansion has successfully led to strong volume growth as well, with JSWC reporting a sales volume CAGR of ~16.7% over the same period — meaningfully ahead of the industry's ~6.1%.

Well-diversified growth driven by a thought-out strategy: JSWCEMEN strategy vests on strong GGBS momentum, with volumes growing at ~16% CAGR over FY15-FY25, driven by rising infrastructure demand and increasing acceptance of blended cement products. This differentiated product mix strategy, with a higher share of GGBS and blended cement, has enabled faster growth vs peers.

Cost advantage aids well-balanced EBIDTA, hedging between two segments: JSWCEMEN has an organic linkage with JSW Steel — a relationship that translates into low-cost raw material growth engine. The company is able to generate incremental EBITDA in its GGBS segment, beating its average EBITDA (Rs850/900 per/tn). Easy accessibility of slag without any or marginal logistic cost provides big advantage to the company.

Balance sheet skewed due to high debt, though strong parentage mitigates risk: JSWCEMEN is expected to add ~9 mn tonnes of cement capacity and ~10 mn tonnes of GGBS capacity by FY30. Capital expansion's funding will be with a judicious mix of debt and equity. Debt ending 9MFY26 was ~46bn and is likely to stay elevated at ~Rs45-50bn in the next couple of years. However, improving earnings quality and strong parentage partially mitigates the balance sheet risk.

Valuations reasonable; initiate with a BUY: We value JSWCEMEN at 14x FY28 EV/EBIDTA to arrive at TP of Rs139, an upside of 17% over the CMP. The strong diversified earnings pool, well-spread regional mix and strong backward integration will help improve the quality of earnings. The 4Y EBITDA CAGR is at a robust 29%, backed by capacity additions and cost savings. Initiate with a BUY rating on the stock. **Key risks: Slower GGBS business growth, elevated debt on the book.**

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Ticker/Price	JSWCEMEN IN/Rs 119
Market cap	US\$ 1.7bn
Free float	28%
3M ADV	US\$ 3.9mn
52wk high/low	Rs 162/Rs 107
Promoter/FPI/DII	72%/3%/8%

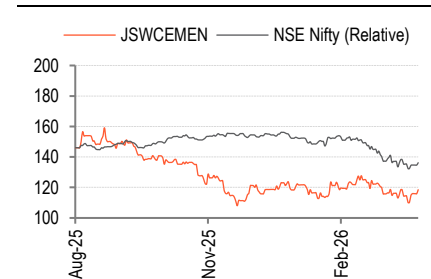
Source: NSE | Price as of 6 Apr 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	58,131	63,023	73,204
EBITDA (Rs mn)	7,373	11,807	13,929
Adj. net profit (Rs mn)	(653)	2,381	3,354
Adj. EPS (Rs)	(0.7)	1.7	2.5
Consensus EPS (Rs)	(0.7)	1.1	4.3
Adj. ROAE (%)	8.6	11.5	6.9
Adj. P/E (x)	(179.0)	67.9	48.2
EV/EBITDA (x)	28.3	18.4	15.8
Adj. EPS growth (%)	(145.3)		40.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



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Sector has sharply underperformed in the last 15 months: After a ~23ppt underperformance (UP) in 2025 against Nifty, Nifty IT saw ~9ppt UP in 1Q2026. While the 2025 stock and demand weakness was driven by Trump Tariffs, deflationary impact of AI, GCCs, shift of spend towards hyperscalers and loss of share to Accenture and Cognizant, the 2026 stock weakness has been driven by rapid improvements in AI models. They seem capable of disrupting global IT services industry in a bigger way over the medium/long term than earlier expected. This is reflected in significant PE multiple contraction. While industry does not face an existential threat, which firms will survive and thrive in the future is difficult to conclude today and hence low multiples will sustain despite near-term visibility on earnings. See our recent report ([Existential threat, value trap or Temporary blip](#)).

Narrative of FY27 being a modestly better year to be tested. Consensus view has been that FY27 CC organic revenue growth will be better by 150-200bps YoY. This will be tested as this view was held before release of advanced AI models and West Asia war. Of the two we believe the latter will have a bigger impact near term while the former will in the medium/long term. Organic growth guidance given by Infosys and HCLT will be examined and underlying assumptions scrutinized. We believe FY27 will be the fourth successive year of slow growth after the pandemic related 'compressed transformation' acceleration during FY21-FY23. Revenue guidance thus far for 2026 has been mixed. Accenture's organic growth for FY26 (August YE) is 2.5% versus 4% delivered in FY25 without considering West Asia crisis. Cognizant is at 3.75% (does not account for impact of Advanced AI models or the war) for CY2026 compared to 3.8% in CY2025. Capgemini is at 2.5% for CY2026 compared to ~1% in CY2025 (impact of war not in).

4QFY26 QoQ revenue growth likely impacted by one fewer working day but margin could surprise positively: On the revenue front the sector should see normal seasonality which will be exacerbated by one fewer working day (~150bps impact QoQ) compared to 4QFY25. INR depreciation (2.5% QoQ compared to 1.9% in 2Q) and vendors retaining some Advanced AI model benefits in fixed price projects near term could throw up positive surprises on margins.

Recommendation snapshot

Ticker	Price	Target	Rating
BSOFT IN	371	302	SELL
COFORGE IN	1,213	1,189	HOLD
ECLX IN	1,447	1,908	BUY
FSOL IN	218	323	BUY
HCLT IN	1,402	1,313	SELL
INFO IN	1,301	1,435	HOLD
LTIM IN	4,304	4,228	HOLD
MPHL IN	2,210	2,332	HOLD
PSYS IN	5,228	3,743	SELL
TCS IN	2,451	2,619	HOLD
TECHM IN	1,442	1,434	HOLD
WPRO IN	195	213	HOLD
ZENT IN	544	501	SELL

Price & Target in Rupees | Price as of 2 Apr 2026



MONTHLY ECONOMIC BUFFET

06 April 2026

Economic Round-up: March 2026

Economies across the globe have felt the economic shock following the outbreak of war between US and Iran. To give some perspective, crude oil prices have risen by ~50% since the war started (between 27 Feb and 2 Apr 2026), US 10Y yield has risen by 40bps and similar increase has been noted in Germany (+35bps), India (+47bps) and UK (+60bps). Equity markets have also suffered with Nikkei down by 9.7%, Dow Jones by 5%, and FTSE by 4.3%. DXY has surged by 2.5%, leading to significant pressure on other currencies. INR has also depreciated by 2.3% as of 2 Apr 2026, thereby trading close to 93/\$ mark.

Aditi Gupta
Economist

On the macro front, inflationary pressures are beginning to build-up as is visible from price index in PMI surveys. Rise in energy prices and a weaker currency will double the pressure on inflation across countries. As a result, central banks of major advanced economies are expected to hike policy rates in the coming months. BoJ is likely to hike in Apr'26, following its last increase in Dec'25. BoE and ECB are also likely to follow the suit, but the timing remains unclear so far. US Fed may stay on hold for a prolonged period or hike rates towards the end of the year if inflation becomes more persistent. RBI will maintain status quo for a considerable period now. It may raise rates towards the end of FY27 if CPI crosses 6% mark.

Global Central Banks: In Mar'26, all major central banks (US Fed, ECB, BoE, BoJ) kept their policy rates on hold. Apart from BoE, all others were expected to maintain status quo even before the Iran war started, but BoE was expected to cut policy rate by 25bps. However, since the start of the war, oil prices surged and have increased the risk to domestic inflation across the globe. As a result, major central banks opted to maintain caution and stay on hold. Going forward, chances of rate hike by BoE, ECB, US Fed and BoJ have increased considerably. BoJ is expected to deliver a rate hike in its Apr'26 meeting, while BoE and ECB may wait until end H1CY26. US Fed is expected to move towards the end of CY26 if inflation shows sign of reflation. RBI this week is also likely to remain on a pause, while noting the impact of Iran war on our inflation and growth. We expect prolonged pause from RBI and a rate hike if inflation surpasses upper limit of RBI's tolerance band (6%) towards the end of FY27.

Key macro data releases: CPI inflation reading came in at 3.2% in Feb'26, on YoY basis, in line with our estimate of 3.3%. This was higher than Jan'26 print of 2.7%, led by higher food inflation of 3.5% in Feb'26 compared to 2.1% in Jan'26. CPI excl. food and fuel was stable at 3.4%. Among major items, personal care, social protection and miscellaneous goods recorded a significantly higher inflation rate of 19.7% in Feb'26 compared to 19% in Jan'26, on YoY basis.



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BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

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