

**BUY**

TP: Rs 148 | ▲ 16%

**JSW CEMENT**

Cement

22 May 2026

**No major surprises; growth path intact; maintain BUY**

- JSWCEMEN delivered a strong Q4 with 11% YoY revenue growth, on the back of 7% volume growth and improving realisations
- The commissioning of Nagaur unit marked entry into North India; Board approved additional 2.5mtpa GU to accelerate the penetration
- We value JSWCEMEN at 14x EV/EBIDTA FY28E revised earnings and arrive at a revised TP of Rs148 (Rs139) leaving 16% upside; Retain BUY

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**Strong Cement volumes drive revenue:** Revenue increased by ~11% YoY/QoQ to ~Rs18.9bn driven a steady volume growth of ~7% YoY to ~4mnt. Cement volumes remained robust up by ~12% YoY to 2.35mnt. GGBS volumes rose by ~5% YoY to 1.57mnt, despite the temporary slag availability disruptions at Dolvi and pollution-led shutdowns of RMC sites in Maharashtra. Average realisations improved by ~4% YoY/QoQ, supported by higher cement contribution in the overall sales mix. Trade mix improved to 51% vs 47% in Q3FY26, while premium products contributed 52%.

**Temporary disruption arrests efficiency gains:** Overall cost/tn was under control declining by ~2% YoY, (+4.3% QoQ). Energy costs fell sharply by ~7.2% YoY to Rs593/tn, due to lower fuel costs, increasing renewable energy usage as also operational efficiencies. Other expenses declined materially by ~12.6% YoY to Rs662/tn; reflecting operating leverage benefits and the absence of shutdown expenses in Q4FY25. Logistics rose ~4% YoY due to temporary supply rerouting.

**Healthy operational performance surge margins:** Effectively, EBITDA shot up by ~52%/28% YoY/QoQ to ~Rs3.7bn. EBITDA margin expanded by 521bps YoY to 19.3%, aided by improving realisations, lower energy costs and operating leverage benefits. EBITDA/tn improved significantly by ~42% YoY to ~Rs915/tn.

**Strategic progress:** To further strengthen its presence in North India, the Board approved an additional 2.5mtpa of grinding capacity at Nagaur at an estimated capex of Rs4.3bn. JSWCEMEN was also declared the 'Preferred Bidder' for the Sikilangso limestone blocks in Assam, bolstering long-term raw material security.

**Valuations reasonable; maintain BUY:** We value JSWCEMEN at 14x FY28 EV/EBIDTA to arrive at a revised TP of Rs148 (vs Rs 139), an upside of 16% 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. We marginally revise our FY27E/FY28E/FY29E revenue/ebitda 2-4% upwards to factor in higher volume following the capacity expansion at Nagaur and stabilization.

**Key changes**

Target	Rating
▲	◀ ▶

Ticker/Price	JSWCEMEN IN/Rs 127
Market cap	US\$ 1.8bn
Free float	28%
3M ADV	US\$ 3.4mn
52wk high/low	Rs 162/Rs 107
Promoter/FPI/DII	72%/3%/8%

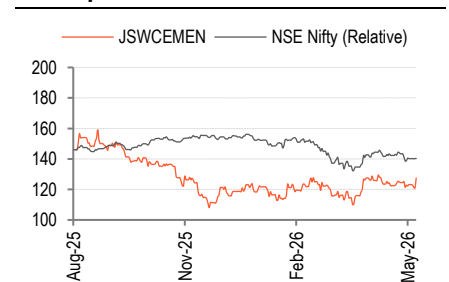
Source: NSE | Price as of 21 May 2026

**Key financials**

Y/E 31 Mar	FY26P	FY27E	FY28E
Total revenue (Rs mn)	65,125	74,946	84,469
EBITDA (Rs mn)	13,122	14,557	17,894
Adj. net profit (Rs mn)	6,749	4,229	5,492
Adj. EPS (Rs)	5.0	3.2	4.1
Consensus EPS (Rs)	5.0	4.3	5.5
Adj. ROAE (%)	15.9	6.1	7.5
Adj. P/E (x)	25.3	40.4	31.1
EV/EBITDA (x)	16.5	15.0	12.7
Adj. EPS growth (%)		(37.3)	29.9

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

**Stock performance**



Source: NSE



## Earnings Call Highlights

### Volume and Demand

Cement volumes grew strongly by ~12% YoY to 2.35mnt, ahead of industry growth of ~8% YoY in the company's core markets in Q4FY26. Management indicated that demand conditions turned relatively soft in April'26 due to weak sentiments arising from the Middle East conflict, labour shortages owing to state elections, along with elevated fuel and logistics costs. However, management noted that the situation has improved since mid-May, with volumes normalising. JSWCemen reiterated its guidance of delivering mid-teen to high-teen cement volume growth in FY27 (excluding contribution from North India), while maintaining FY27 utilization guidance of 50–60% for the newly commissioned Nagaur grinding unit. Trade mix improved sequentially to ~51% in Q4FY26 versus ~47% in Q3FY26. Premium product share stood at ~52% in Q4FY26.

### GGBS Performance

GGBS volumes rose by 5% YoY to 1.57mnt, despite temporary operational disruptions. Management highlighted that the availability issues at the Dolvi Steel complex affected slag supplies during Q4FY26. To mitigate disruptions, supplies were rerouted from the Vijayanagar plant, though this led to higher lead distances and logistics costs. Additionally, temporary closure of RMC plants in Mumbai and Pune due to pollution-control measures, impacted the institutional demand during Jan–Feb'26. However, management indicated that all major RMC plants are now operational and demand recovery was visible from March onwards. JSWCEMEN reiterated its broad guidance of ~7mnt GGBS volumes in FY27. GGBS realisations remained broadly stable at ~Rs3,682/t during Q4FY26 and ~Rs3,683/t for FY26.

### Margin

Power and fuel costs remained broadly stable on fuel-price basis at ~Rs1.49/kcal. The company continued to benefit from the increasing renewable energy contribution and alternative fuel usage. Management highlighted that more than 50% of its targeted cost-saving initiatives have already been achieved, with Rs100/tn savings expected over FY27 and FY28 each. Logistics costs rose QoQ due to a ~16 km rise in lead distance — largely attributable to a GGBS dispatch realignment between Dolvi and Vijayanagar. The company also incurred ~Rs230mn of branding, manpower and market development expenses for the North India launch, which were fully expensed and not capitalised. PAT stood at ~Rs3.62bn during Q4FY26, aided by a one-time deferred tax benefit of ~Rs2.11bn arising from transition to the new tax.

### Capacity

Nagaur plant was commissioned in Q4FY26 (3.3mtpa clinker unit along with an initial 2.5mtpa grinding capacity). JSWCEMEN is already progressing with the next phase of expansion at Nagaur, including an additional 1mtpa grinding unit and WHRS installation, expected to be commissioned over the next few months. Further, the Board approved another 2.5mtpa grinding expansion at Nagaur, with an investment of ~Rs4.3bn. There have been delays in environmental clearance approvals for the planned Punjab grinding unit. The company highlighted that Nagaur has sufficient

limestone reserves (~600mnt+) and land availability to support the multiple clinker lines in future.

### **Capex and Balance Sheet**

JSWCEMEN incurred a capex of ~Rs5bn during Q4FY26 and ~Rs19.6bn during FY26. Management guided for a ~Rs23bn capex in FY27 and ~Rs22bn in FY28. Total investment in the Nagaur project has already reached ~Rs24bn, with the overall project cost estimated at ~Rs35bn, including the additional 1MTPA grinding unit. The newly approved 2.5MTPA expansion at Nagaur will require an incremental investment of ~Rs4.3bn.

Net debt stood at ~Rs36.4bn as of March'26, despite the significant ongoing capex deployment; reflecting continued discipline in the balance sheet.

### **Other Key Highlights**

The UAE grinding unit commissioning has been marginally delayed, due to geopolitical disruptions and is now expected around the end of April FY27.

JSWCEMEN maintained leadership with the lowest CO<sub>2</sub> emission intensity in the industry at 268 kg/tn of cementitious material in FY26.

**Fig 1 – Key metrics (consolidated)**

(Rs)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Deviation (%)
Volumes (mn mt)	4.0	3.7	7.0	3.6	12.1	4.03	(1.0)
Aggregate realisations (Rs/mt)	4,749	4,583	3.6	4,554	4.3	4,577	3.8
Operating costs (Rs/mt)*	3,835	3,901	(1.7)	3,677	4.3	3,708	3.4
EBITDA/t (Rs/mt)	915	644	42.1	801	14.2	806	13.5

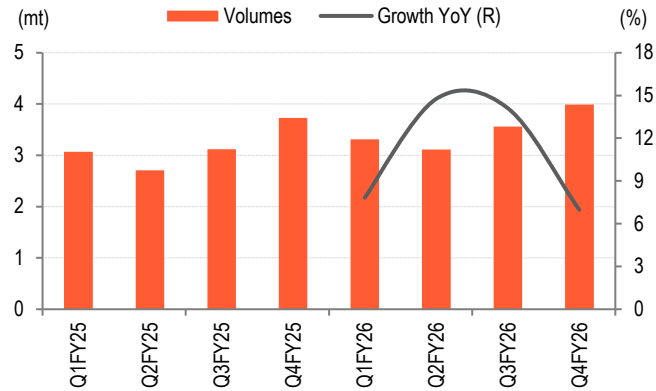
Source: Company, BOBCAPS Research

**Fig 2 – Quarterly Performance (consolidated)**

(Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Deviation (%)
<b>Net Sales</b>	<b>18,950</b>	<b>17,094</b>	<b>10.9</b>	<b>16,212</b>	<b>16.9</b>	<b>18,437</b>	<b>2.8</b>
<b>Expenditure</b>							
Change in stock	69	368	(81.1)	7	850.7	7	850.7
Raw material	4,919	4,002	22.9	3,865	27.3	4,423	11.2
purchased products	0	140	(100.0)	272	(100.0)	215	(100.0)
Power & fuel	2,367	2,383	(0.7)	2,365	0.1	2,675	(11.5)
Freight	4,445	4,015	10.7	3,748	18.6	4,234	5.0
Employee costs	858	958	(10.4)	906	(5.3)	959	(10.5)
Other exp	2,642	2,827	(6.5)	2,199	20.2	2,638	0.1
<b>Total Operating Expenses</b>	<b>15,300</b>	<b>14,692</b>	<b>4.1</b>	<b>13,362</b>	<b>14.5</b>	<b>15,151</b>	<b>1.0</b>
<b>EBITDA</b>	<b>3,650</b>	<b>2,402</b>	<b>52.0</b>	<b>2,850</b>	<b>28.0</b>	<b>3,286</b>	<b>11.1</b>
EBITDA margin (%)	19.3	14.0	521bps	17.6	168bps	17.6	165bps
Other Income	206	282	(27.0)	1,008	(79.6)	281	(26.8)
Interest	888	1,141	(22.2)	867	2.4	981	(9.5)
Depreciation	836	785	6.5	812	2.9	822	1.7
PBT	2,132	758	181.4	2,180	(2.2)	1,764	20.9
Non-recurring items	16	0	0.0	(337)	0.0	0	0.0
PBT (after non-recurring items)	2,148	758	183.5	1,843	16.5	1,725	24.5
Tax	(1,468)	595	(346.5)	537	(373.5)	414	(454.6)
Reported PAT	3,616	162	2,130.4	1,306	176.8	1,311	175.8
<b>Adjusted PAT</b>	<b>3,599</b>	<b>162</b>	<b>2,120.5</b>	<b>1,643</b>	<b>119.1</b>	<b>1,311</b>	<b>174.6</b>
<b>NPM (%)</b>	<b>19.0</b>	<b>0.9</b>	<b>1,805bps</b>	<b>10.1</b>	<b>886bps</b>	<b>7.1</b>	<b>1,188bps</b>
<b>Adjusted EPS (Rs)</b>	<b>10.1</b>	<b>0.5</b>	<b>2,120.5</b>	<b>4.6</b>	<b>119.1</b>	<b>3.7</b>	<b>174.6</b>

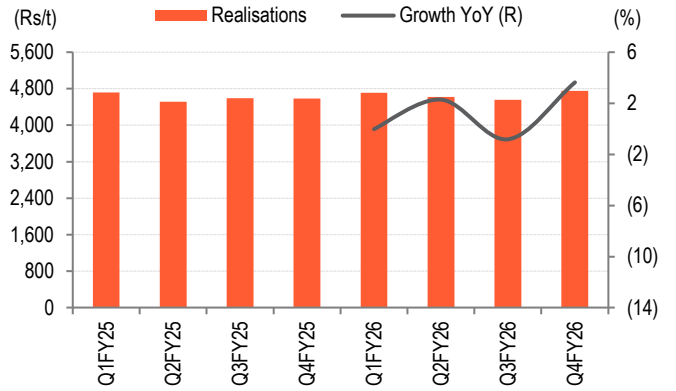
Source: Company, BOBCAPS Research

**Fig 3 – Sustained volumes momentum with North India ramp-up ahead**



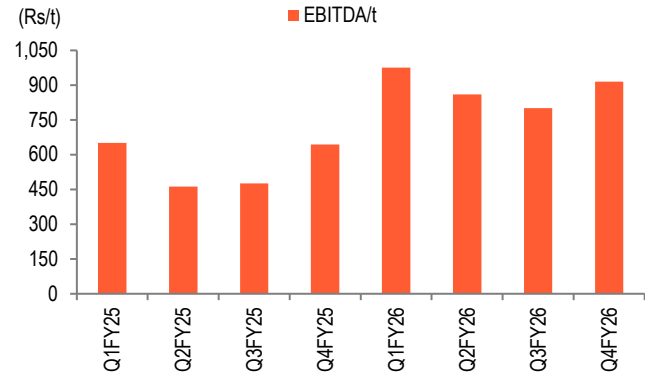
Source: Company, BOBCAPS Research

**Fig 4 – Improving realisations on the back of a better mix**



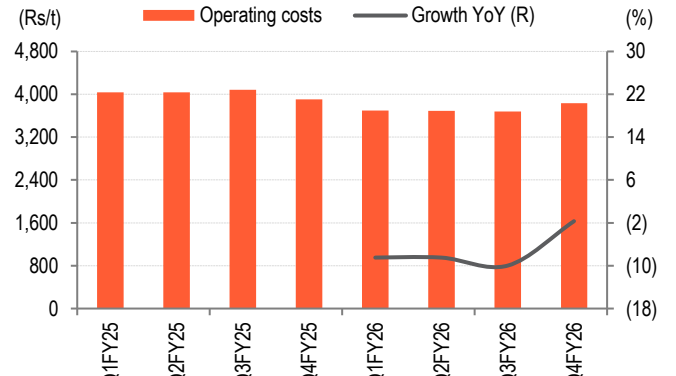
Source: Company, BOBCAPS Research

**Fig 5 – EBITDA/tn reflecting cost optimisation and operating leverage**



Source: Company, BOBCAPS Research

**Fig 6 – Cost-saving efforts progressing, with an additional Rs100/tn expected in FY27**



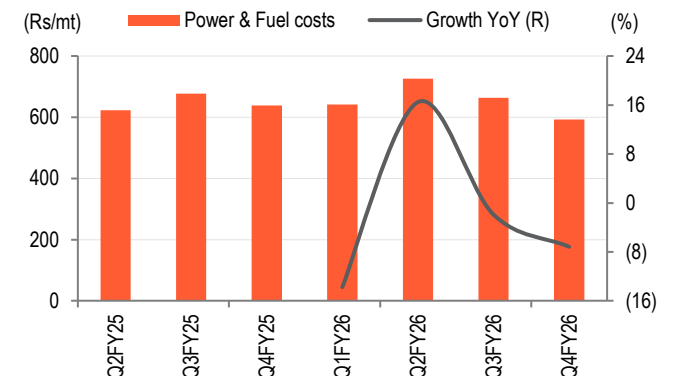
Source: Company, BOBCAPS Research

**Fig 7 – Temporary blip in freight cost to subside, as GGBS operation normalises**



Source: Company, BOBCAPS Research

**Fig 8 – Power & fuel cost broadly stable, though pressure expected in medium term**



Source: Company, BOBCAPS Research

## Valuation Methodology

JSW Cement has created a niche, with strong presence in the GGBS segment. A few companies are in competition in the segment. With a strong cost-effective input integration (slag tie-up at Rs600/tn), the segment is expected to deliver healthy EBITDA/tn well ahead of EBITDA/tn.

In the cement segment, JSWCEMEN has taken healthy initiatives to widen its presence with capacity addition in the North and plans to enter Central India. The UAE facility is also planning a grinding capacity that will enhance the quality of earnings (vs clinker sales).

The initiatives in both the key segments will brighten the earnings prospects of the company. However, with aggressive growth plans, debt levels will likely stay elevated around Rs5bn till FY29 and beyond. Debt-EBITDA is expected to stay high ~ 3.5x and only recede below 3x in FY29 and only improve further. However, cashflow operations will deliver healthy improvement in the medium term, as the enhanced capacity delivers performance.

We value JSWCEMEN at 14x FY28 EV/EBIDTA to arrive at a revised TP of Rs148 (vs Rs 139 earlier) — an upside of 16% over 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. We marginally revise our FY27E/FY28E/FY29E Revenue/EBITDA 2-4% upwards, to factor in the higher volumes, following the capacity expansion at Nagaur and stabilisation.

**Fig 9 – Revised estimates**

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	74,946	84,469	93,989	73,204	82,630	92,048	2.4	2.2	2.1
EBITDA	14,557	17,894	21,097	13,929	17,471	20,903	4.5	2.4	0.9
Adj PAT	4,229	5,492	7,023	3,354	5,198	6,888	26.1	5.7	2.0
Adj EPS (Rs)	3.2	4.1	5.2	2.5	3.8	5.1	30.1	7.6	2.9

Source: Company, BOBCAPS Research

**Fig 10 – Key assumptions**

	FY26E	FY27E	FY28E	FY29E
Volumes (mt)	7.4	9.8	10.6	11.5
Growth (%)		32.2	8.6	8.2
Cement Realisations (Rs/t)	4,675	4,722	4,816	4,913
Growth (%)		1.0	2.0	2.0
GGBS Realisations (Rs/t)	3,672	3,745	3,820	3,897
Growth (%)		2.0	2.0	2.0
Operating costs (Rs/t)	3,940	3,653	3,606	3,593
EBITDA/t (Rs/t)	940	862	951	1,023

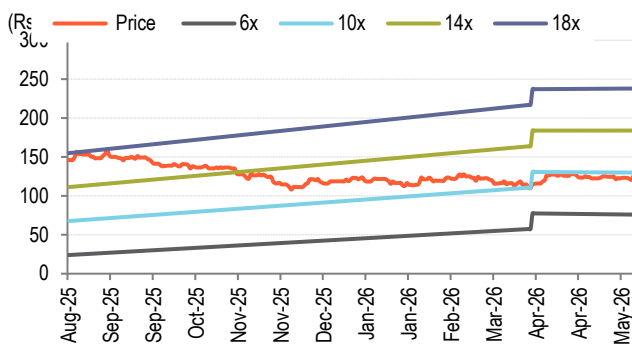
Source: Company, BOBCAPS Research

**Fig 11 – Valuation summary**

Business (Rs mn)	March 2028 earnings
Target March 2028 EV/EBITDA (x)	14.0
EBITDA	17,894
<b>Target EV</b>	2,54,454
<b>Total EV</b>	2,54,454
Net debt (Mar 2028)	56,305
Target market capitalisation	1,98,149
<b>Target price (Rs/sh)</b>	148
Weighted average shares (mn)	1363.5

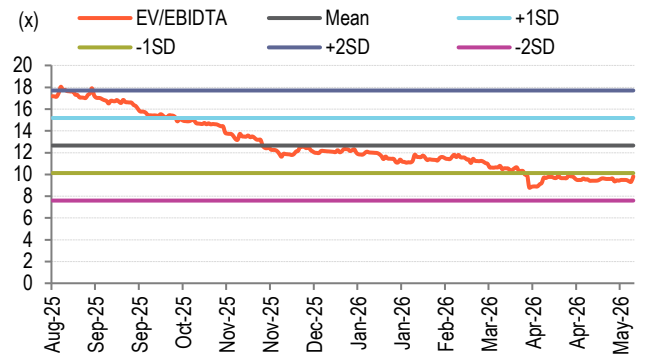
Source: BOBCAPS Research

**Fig 12 – EV/EBITDA band: Valued at 14x, as the elevated debt is the only concern**



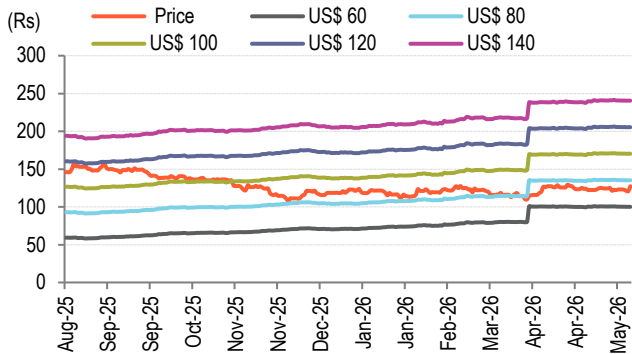
Source: Company, BOBCAPS Research

**Fig 13 – EV/EBITDA 1YF: Forward earnings reflect fair valuations**



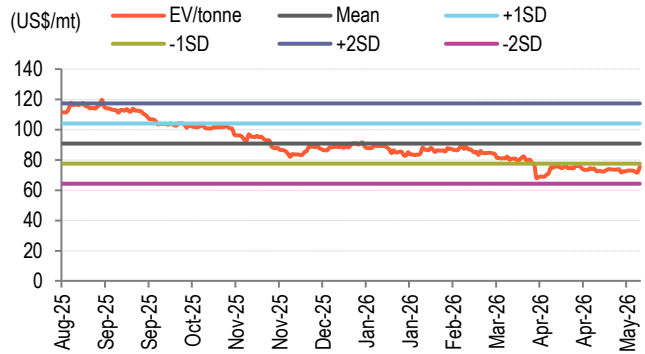
Source: Company, BOBCAPS Research

**Fig 14 – EV/Tonne band: Balance sheet concerns weigh on the replacement cost valuation**



Source: Company, BOBCAPS Research

**Fig 15 – EV/Tonne 1YF: Valuations to improve with earnings trajectory**



Source: Company, BOBCAPS Research

### Key Risks

Key downside risks to our estimates:

- Slower-than-expected growth in GGBS business
- Elevated debt levels and amid heavy capex
- Operational disruption in slag linkage due to lower blast furnace utilisation or change in terms with JSW Steel

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26P	FY27E	FY28E	FY29E
<b>Total revenue</b>	<b>58,131</b>	<b>65,125</b>	<b>74,946</b>	<b>84,469</b>	<b>93,989</b>
EBITDA	7,373	13,122	14,557	17,894	21,097
Depreciation	(3,103)	(3,222)	(3,894)	(4,706)	(5,416)
EBIT	5,050	10,704	11,502	14,068	16,613
Net interest inc./(exp.)	(4,502)	(3,779)	(5,403)	(6,085)	(6,339)
Other inc./(exp.)	781	805	839	881	931
Exceptional items	(985)	(14,737)	(431)	(312)	(112)
EBT	(436)	(7,812)	5,668	7,672	10,162
Income taxes	(1,201)	(176)	(1,870)	(2,492)	(3,251)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>(1,638)</b>	<b>(7,988)</b>	<b>3,798</b>	<b>5,180</b>	<b>6,911</b>
Adjustments	(985)	(14,737)	(431)	(312)	(112)
<b>Adjusted net profit</b>	<b>(653)</b>	<b>6,749</b>	<b>4,229</b>	<b>5,492</b>	<b>7,023</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26P	FY27E	FY28E	FY29E
Accounts payables	12,376	13,144	15,119	16,664	18,242
Other current liabilities	24,656	16,242	19,064	22,165	25,574
Provisions	985	1,013	1,025	1,038	1,052
Debt funds	53,742	44,644	60,424	60,534	60,079
Other liabilities	4,557	5,033	5,184	5,339	5,499
Equity capital	9,864	13,413	13,413	13,413	13,413
Reserves & surplus	13,861	51,866	55,665	60,844	67,755
Shareholders' fund	23,724	65,279	69,077	74,257	81,168
<b>Total liab. and equities</b>	<b>1,20,040</b>	<b>1,45,355</b>	<b>1,69,893</b>	<b>1,79,997</b>	<b>1,91,613</b>
Cash and cash eq.	1,235	4,998	4,149	4,229	7,568
Accounts receivables	7,818	8,538	10,164	11,340	12,746
Inventories	4,285	6,018	4,723	5,323	5,923
Other current assets	39,414	28,341	30,855	32,741	34,765
Investments	2,659	2,901	2,712	2,767	2,822
Net fixed assets	52,355	66,725	79,667	89,419	96,554
CWIP	10,247	25,760	35,500	32,000	29,000
Intangible assets	2,027	2,075	2,124	2,180	2,236
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
<b>Total assets</b>	<b>1,20,040</b>	<b>1,45,355</b>	<b>1,69,893</b>	<b>1,79,997</b>	<b>1,91,613</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26P	FY27E	FY28E	FY29E
<b>Cash flow from operations</b>	<b>(3,177)</b>	<b>(2,413)</b>	<b>10,977</b>	<b>12,294</b>	<b>14,788</b>
Capital expenditures	(10,209)	(34,027)	(27,795)	(12,269)	(10,939)
Change in investments	1,664	(242)	189	(54)	(55)
Other investing cash flows	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(8,545)</b>	<b>(34,269)</b>	<b>(27,606)</b>	<b>(12,323)</b>	<b>(10,994)</b>
Equities issued/Others	0	34,833	0	0	0
Debt raised/repaid	8,289	(9,098)	15,780	110	(455)
Interest expenses	0	0	0	0	0
Dividends paid	0	0	0	0	0
Other financing cash flows	1,508	14,709	0	0	0
<b>Cash flow from financing</b>	<b>9,797</b>	<b>40,445</b>	<b>15,780</b>	<b>110</b>	<b>(455)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>(1,925)</b>	<b>3,763</b>	<b>(849)</b>	<b>80</b>	<b>3,339</b>
<b>Closing cash &amp; cash eq.</b>	<b>1,235</b>	<b>4,998</b>	<b>4,149</b>	<b>4,229</b>	<b>7,568</b>

### Per Share

Y/E 31 Mar (Rs)	FY25A	FY26P	FY27E	FY28E	FY29E
Reported EPS	(1.7)	(6.0)	2.8	3.9	5.2
Adjusted EPS	(0.7)	5.0	3.2	4.1	5.2
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	24.1	37.4	40.2	44.1	49.2

### Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26P	FY27E	FY28E	FY29E
EV/Sales	3.8	3.3	2.9	2.7	2.4
EV/EBITDA	29.6	16.5	15.0	12.7	10.7
Adjusted P/E	(192.6)	25.3	40.4	31.1	24.3
P/BV	5.3	3.4	3.2	2.9	2.6

### DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26P	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	375.3	102.2	67.0	67.5	68.0
Interest burden (PBT/EBIT)	10.9	64.7	53.0	56.7	61.8
EBIT margin (EBIT/Revenue)	8.7	16.4	15.3	16.7	17.7
Asset turnover (Rev./Avg TA)	49.8	49.1	47.5	48.3	50.6
Leverage (Avg TA/Avg Equity)	4.9	3.0	2.3	2.4	2.4
Adjusted ROAE	8.6	15.9	6.1	7.5	9.0

### Ratio Analysis

Y/E 31 Mar	FY25A	FY26P	FY27E	FY28E	FY29E
<b>YoY growth (%)</b>					
Revenue	(3.6)	12.0	15.1	12.7	11.3
EBITDA	(21.2)	78.0	10.9	22.9	17.9
Adjusted EPS	(145.3)		(37.3)	29.9	27.9
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	12.6	19.9	19.4	21.1	22.4
EBIT margin	8.7	16.3	15.3	16.6	17.6
Adjusted profit margin	(1.1)	10.4	5.6	6.5	7.5
Adjusted ROAE	8.6	15.9	6.1	7.5	9.0
ROCE	6.5	10.9	9.2	10.2	11.6
<b>Working capital days (days)</b>					
Receivables	49	48	50	49	50
Inventory	27	34	23	23	23
Payables	89	91	91	91	91
<b>Ratios (x)</b>					
Gross asset turnover	0.9	0.8	0.7	0.7	0.7
Current ratio	1.4	1.6	1.4	1.3	1.4
Net interest coverage ratio	1.1	2.8	2.1	2.3	2.6
Adjusted debt/equity	2.3	0.7	0.9	0.8	0.7

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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- BUY** – Expected return >+15%
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- SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

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