JSW Cement Limited

May 12, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Short Term Bank Facilities	150.00	CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has assigned short-term rating of 'CARE A1+' to the short-term bank facilities of JSW Cement Limited (JSWCL). The rating assessment reflects JSWCL's healthy competitive position in cementitious products i.e. Portland Slag Cement (PSC), Portland Pozzolana cement (PCC), Ordinary Portland cement (OPC) and Ground granulated blast furnace slag (GGBS), supported by installed grinding capacities of 20.60 MTPA spread across Southern (11 MTPA), Western (4.50 MTPA) and Eastern India (5.10 MTPA). This is largely supported by significant operational linkages with its group entities. JSWCL procures slag from steel plants of JSW Steel Limited (rated CARE AA; Stable/CARE A1+). Other operational linkages include procurement of fly ash and power from its group entities. The rating also considers support provided to JSWCL by the JSW group which houses JSW Steel Limited, JSW Energy Limited (JSWEL) and JSW Infrastructure Limited (JSWIL; rated CARE AA+; Stable/CARE A1+) and financial flexibility it benefits from being a part of the group. The company also benefits from healthy brand recall of 'JSW' derived from established presence of the group in steel space. The company's focus on green cementitious products such as blended cement and GGBS supported by slag from steel units of the group also limits clinker requirements.

These strengths are partially offset by leveraged capital structure and average debt coverage metrics considering debt laden expansion in the past. This is expected to continue considering continued capacity enhancement supported by mix of internal accruals and debt and expected equity infusion from proposed initial public offering (IPO). Among the key ongoing projects is integrated unit at Nagaur, Rajasthan having grinding capacity of 2.5 MTPA and 3.3 MTPA of clinker capacity. This is expected to enhance its overall business risk profile by further diversifying its geographical presence by entering in Northern India.

Strengths are further tempered by its moderate-but-improving operating profitability, which is vulnerable to demand-supply dynamics in cement industry and volatility in input prices. It is exposed to overall cyclicality in the cement industry.

CARE Ratings also notes the recent adverse judgement on the acquisition of Bhushan Power and Steel Limited (BPSL) by JSW Steel Limited. JSWCL is building 1 MTPA grinding capacity in its subsidiary, Shiva Cement Limited, within BPSL's premises, for which, the company had incurred ~₹130 crore till latest update. Some proportion of slag and fly ash requirements were sourced through BPSL for its eastern grinding units. The upcoming cement unit's progress in BPSL may be stalled in case this order isn't overturned with review petition in Supreme Court being the last resort. However, there may not be significant challenges regarding raw material procurement.

CARE Ratings also notes that the company is in the process of listing JSWCL. The proposed IPO is likely to consist of fresh issue and offer for sale. Fresh issue proceeds are expected to fund capital expenditure (capex) of integrated cement unit in Nagaur, Rajasthan, debt prepayment/repayment and rest for general corporate purposes.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Not applicable

Negative factors

- Deterioration in credit profile of JSW group.
- Change in funding support stance from JSW group to JSWCL.
- Continued adjusted net debt to profit before interest, lease rentals, depreciation and taxation (PBILDT) over 5x post FY26.

Analytical approach: Consolidated; factoring linkages with the JSW group

For analysing JSWCL, consolidated financials have been considered due to presence of common management and operational and financial linkages with subsidiaries and joint ventures. CARE also factors in the corporate guarantee provided to the lenders of its joint venture. Entities considered for consolidation are listed under Annexure-6. The rating also factors in operational and financial linkages with Sajjan Jindal led JSW group.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Healthy competitive position supported further by presence in multiple regions of India

JSWCL is among the recent large entrants in Indian cement sector and has at rapid pace established its presence with 20.60 MTPA of grinding capacity as on March 31, 2025. The company derives ~56%-58% of its sales volumes from South India with its dedicated 11 MTPA of cement capacity for the region, followed by Eastern region 20%-23% and Western region 20%-22%.

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

The company has 5.10 MTPA of grinding capacity in East India and 4.5 MTPA of grinding capacity in West India as on March 31, 2025. The company currently is building integrated cement unit at Nagaur, Rajasthan with 2.5 MTPA of grinding capacity and 3.3 MTPA of clinker capacity which will provide JSWCL presence in north India and thus further diversify its regional presence across India, particularly in a more lucrative region for cement in India and hence further enhancing its business risk profile.
The company in FY25 has observed a slight drop in sales volume in cementitious products to ~12.5 MT in FY25 against 12.53 MT in FY24 considering general and state elections, time taken for fund allocation post general elections, heatwaves and sharp downpour in H1FY25 and overall infrastructure spending push not coming from government before November 2024. The demand has been even more subdued in South India.
Going forward, the company is expected to grow its volumes considering lower base, ramp up in capacity utilisation of incremental capacities in Vjayanagar (Karnataka) and Dolvi (Maharashtra) by 2 MTPA each established in FY24, and expectation of better government push towards infrastructure spending compared to previous fiscal year. The topline is expected to be further supported by improvement in pricing after 12-15 months of pressure on realisations till March 2025. Price hikes have been observed in the company's area of operations in April 2025, however, its sustainability needs to be observed.

Significant operational linkages with the JSW group
JSWCL follows a circular economy approach, which places emphasis on utilisation of industrial by-products such as blast furnace slag, Al-killed slag, argon oxygen decarburisation slag, fly ash, red mud and chemical gypsum as raw materials to reduce the use of finite natural resources such as limestone. The company is largely supported by its ability to procure blast furnace slag from JSW Steel Limited and its subsidiaries under long term contracts. This has further, helped the company in being the market leader in GGBS in India. Of the 12.53 MT sales volume of cementitious products, GBBS accounted ~45% of the sales volume in FY24. Of the rest 6.94 MT of cement sold, 5.08 MT was blended cement (significant proportion being PSC) with clinker-to-cement conversion ratio of 46.6%. In the three fiscal years through FY24, the company's green cementitious products comprised 80%-82%. Due to no requirement of clinker in GGBS and lower requirement in blended cement, the company enjoys lower raw material cost and fuel costs, thus company's improving cost structure and being relatively positive for the environment.
The company has been able to use A1-killed slag, a by-product from steel plants in addition to blast furnace slag to partly substitute the use of limestone in manufacturing products at its one of its plants. The company also purchases fly ash from JSWEL. The company also benefits from power sourcing from JSWEL and supply of fly ash at certain plants. JSWCL has adjacent premises with JSW Steel Limited in Dolvi, Maharashtra, and Vijayanagar, Karnataka. The Salem cement plant (Tamil Nadu) is also on JSW Steel Limited's premises.
Apart from operational synergies, the company is leveraging the 'JSW' brand, established by group's flagship company JSW Steel Limited, in branding and marketing its cement products.

Financial flexibility derived from being part of established the JSW group
JSWCL is part of the JSW group, which in turn is part of the O. P. Jindal group. The group's key companies include JSW Steel Limited (rated CARE AA; Stable/CARE A1+), JSWIL (rated CARE AA+; Stable/CARE A1+) and JSWEL. JSWSL is one of the leading steel producers, with a steelmaking capacity of 34.2 mtpa in India on December 31, 2024. JSWIL is engaged in developing infrastructure and operations for ports across India. As on March 31, 2025, JSWIL has total operational capacity of ~170 MMTPA, with ports and terminals on India's west and east coast. JSWEL has power producing capacity of 12.2 GW at the end of FY25. The group has also ventured in the paints sector and electric vehicle manufacturing.
JSWCL is primarily owned by Adarsh Advisory Services Private Limited, which is wholly owned by the Sajjan Jindal Family Trust. Parth Jindal, the son of Sajjan Jindal, serves as the company's managing director. The JSW group has been undertaking significant capacity expansion in cement sector, which has been debt driven. JSWCL has been able to leverage the strong financial flexibility of the JSW group in tying up debt and capital investments by financial institutions in the last. Among the recent examples of the capital investments are the outstanding compulsory convertible preference shares of ₹1747 crore from private equity investors infused since FY22. The company has been able to refinance its debt as well in the past.
CARE Ratings expects that JSWCL will continue to receive operational and managerial support on a consistent basis, and financial support as needed. The rating of JSWCL is closely linked to the group's credit risk profile. Deterioration in the group's credit risk profile will be a significant factor as stated in rating sensitivities.

Captive limestone mines and upcoming coal block
The company meets majority of its limestone requirements from captive mines. However, in between the company had been procuring clinker from outside considering its limited clinker capacity, which was overcome post operationalising clinker capacity at Shiva Cement Ltd, its subsidiary. The company has adequate reserves considering its lower limestone requirements due to focus on blended cement and GGBS. The company recently acquired rights of Maratwala VI coal block in Madhya Pradesh. This will meet part of its coal requirements for clinker production, keeping lid on fuel costs to a certain extent. The company met ~39% of its power requirements in FY24 either through captive thermal power plant/WHRS or long-term power purchase agreement (PPA) with JSWEL.

Key weaknesses

Moderate operating profitability vulnerable to demand-supply dynamics in cement industry and input price volatility
The company's operating margins 14% to 18% in three fiscal years through FY24 and was ~14.82% in 9MFY25, which can be characterised as moderate. In the last few years, the company's operating margins have also been exposed to vagaries of volatile fuel costs and subdued demand impacting realisations of cement in the last 12-15 months. Escalation in fuel costs in FY22-FY23 are largely reflected for the company in raw material costs as the fuel consumption is largely for clinker production which is

particularly reflected in FY23 as raw material cost per tonne increased from ₹1,206 in FY22 to ₹1,489 in FY23 and power & fuel cost per tonne increased from ₹783 in FY22 to ₹983 in FY23. Part of clinker requirement was procured from outside in FY23. Pet coke and coal costs have significantly softened since then, which has led to moderation in power & fuel cost per tonne to ₹790 in FY24 and raw material cost per tonne to ₹1,047 in FY24. FY25 have seen further softening of these costs. However, blended realisations have seen moderation in FY24 to ₹5,415 per tonne from ₹4,663 per tonne in FY23 and have remained subdued even in FY25. The realisations are interplay between the supply and demand dynamics of cement which is largely regional.
CARE Ratings believe operating profitability is expected to be sensitive to the movement of realisations in JSWCL's core market areas. There have been price hikes in April and May 2025 across its regions of operations, however, its absorption will be a key monitorable.

Cyclicality in the cement industry
The cement industry is highly cyclical and depends largely on the country's economic growth. There is a high degree of correlation between the GDP growth and growth in cement consumption. Being a cyclical industry, Cement goes through phases of ups and downs, and accordingly impacts unit realisations.

Leveraged capital structure and average debt coverage metrics
Large debt-funded capital expenditure program to expand its cement capacities in the recent past led to significant leveraging of JSWCL's balance sheet. The company's overall gearing was 1.60x (1.54x) as on March 31, 2024 (2023). The company's capital structure has been also moderated over the recent past considering moderate consolidation of its joint venture, JSW Cement FZC, which was earlier a subsidiary of the company. Despite moderate consolidation, JSW Cement FZC's debt is being guaranteed solely by JSWCL, which has been accounted while assessing of its financial profile. This is estimated to remain at ~1.80x-1.90x as on March 31, 2025. Leveraged capital structure and moderate operating profitability keeps the company's debt coverage metrics average as well. The adjusted net debt to PBILDT (including letter of credit [LC] acceptances, subordinated debt [SD] and corporate guarantee [CG]) was 5.47x in FY24 against 6.32x in FY23. This is estimated to remain at higher levels considering continued debt funded capex and subdued realisations in FY25. Interest coverage ratio was also average at 2.50x (2.63x) in FY24 (FY23) and is estimated to remain at similar levels in FY25. The company has significant capex plans, largely dependent on the successful subscription of its upcoming IPO. The management has stated that future capex will be undertaken while ensuring that the leverage reduces in the medium term which will remain key monitorable.

Liquidity: Adequate
On account of slowdown in demand growth for cement in FY25, the company is not estimated to generate enough accruals in FY25 against repayments. To plug the deficit, the company has unlocked funds from investments in affiliates of ₹326 crore (fully received by December 2024). Further, in FY25, the company's liquidity is largely supported by its ability to draw financial flexibility from being JSW group entity (consisting of JSWSL, JSWIL and JSWEL). The company has been able to refinance repayments of term loans which had bullet repayments of ₹450 crore with new term loans having longer tenor with ballooning repayments.
In case, the IPO is successfully subscribed, the company's repayment obligations are expected to reduce considering term loan prepayment. Otherwise, the company is expected to moderate its capex plan to rationalize its cashflows to meet its debt obligations adequately along with support from JSW group wherever required.
The company's fund based working capital utilisation was 73% for 11 months ended October 2024.

Applicable criteria

Consolidation
Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Cement

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Construction materials	Cement & cement products	Cement & cement products

Incorporated in March 2006, JSWCL is part of the JSW group, which is part of the JSW group and eventually the O. P. Jindal group. JSWCL primarily manufactures and sell cementitious products comprising blended cement such as Portland Slag Cement (PSC), Portland Pozzolana cement (PCC), Ordinary Portland cement (OPC) and Ground granulated blast furnace slag (GGBS), Clinker and a range of allied cementitious products such as ready-mix concrete ("RMC"), screened slag, construction chemicals and waterproofing compounds. As on March 31, 2025, the company has grinding cement capacity of 20.6 MTPA over seven plants across Western, Eastern and Southern India. This is backed by clinker capacity of 4.13 MTPA in India and 2.31 MTPA under its joint venture, JSW Cement FZC in the UAE (serving west India).

The company sells cement under the brand name JSW Cement Concreel HD, JSW Cement Compcem, JSW Cement Portland Slag Cement and JSW Cement Power Pro.
The company's managing director is Parth Jindal. Seshagiri Rao Venkata Satya Metlapalli is JSWCL's Chairman and Non-Executive Director.

Brief Financials (₹ crore) - Consolidated	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25#
Total operating income	5837	6021	4104
PBILDT*	817	1085	608
PAT	104	62	-180
Overall Gearing	1.54	1.60	-
Interest coverage (times)	2.63	2.50	1.81

A: Audited UA: Unaudited; Note: these are latest available financial results
*Please note Overall gearing and Net Debt/PBILDT ratios factor in security deposits and Letter of Credit Acceptances. Further adjusted net debt factors in corporate guarantee provided to the lenders of JSW Cement FZC, its joint venture.
Abridged financials. Hence, detailed items of other operating income and non-operating income are not available.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based-Short Term		-	-	-	150.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based-Short Term	ST	150.00	CARE A1+				

ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based-Short Term	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	Shiva Cement Limited	Full	Subsidiaries
2.	Utkarsh Transport Private Limited	Full	
3.	JSW Green Cement Private Limited	Full	
4.	JSW One Platforms Limited	Moderate	Joint Venture
5.	JSW Cement FZC*	Moderate	
6.	JSW Renewable Energy (Cement) Limited	Moderate	

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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