Management Discussion and Analysis

Economic Overview

GLOBAL ECONOMY

Global headwinds continued to persist in 2023 with growth at 3.2% amid high central bank policy rates to fight inflation, limited fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. However, better resilience in the United States and several large emerging market and developing economies barring the Euro zone, as well as fiscal support in China brought some respite in the second half of 2023. Amid favourable global supply developments, inflation showed downward trend. Global growth expected to remain stable and maintain its momentum, projected at 3.2% in both 2024 2025. In advanced economies, growth is estimated to improve slightly from 1.6% in 2023 to 1.7% in 2024 and 1.8% in 2025. In emerging market and developing economies, growth is expected to see slight decline from 4.3% in 2023 to 4.2% in both 2024 and 2025. Global headline inflation is expected to fall from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025 with advanced economies expected to witness faster disinflation than are emerging market and developing economies. As supply side sees positive developments worldwide, risks to global growth are balanced.

(World Economic Outlook: IMF, January 2024)

INDIA ECONOMY

Despite continued global uncertainty, the Indian economy exhibited strong resilience led by strong government push for infrastructure, digitalisation, ease of doing business, inclusive growth, and improved quality of fiscal spending. In FY 2023-24, Indian economic growth is estimated at 8.2% against 7% growth in FY 2022-23, according to provisional estimates by National Statistics Organisation (NSO) supported by increased investment and robust consumption.

The economic growth has also gained momentum from improved business sentiments and the robust financial positions of banks and corporations. Financial stability is the result of robust government action on monetary, regulatory, and supervisory fronts. During the year under review, inflation remained within the Reserve Bank of India's (RBI) target range. Economic growth was driven by robust 9.9% growth each in construction and in manufacturing sectors.

According to World Bank, Indian economy is estimated to grow at 6.7% in FY 2024-25, FY 2025-26 and FY 2026-27, mainly due to expected deceleration in investment as compared to the elevated levels seen in previous fiscal owing to pre-election spending. Over the medium term, the fiscal deficit and debt are projected to decline, led by strong output growth and consolidation efforts by the government. Investment growth is expected to be strong across public and private investment. Private consumption growth is expected to benefit from a recovery of agricultural production and declining inflation.

(NSO, World Bank)

Sector Overview

CEMENT INDUSTRY OVERVIEW

The global cement market in 2023 expanded to US$ 383 billion from US$ 363.4 billion in 2022 led by rapid urbanisation, growing number of residential projects and increasing investment in construction industry worldwide. The market is estimated to grow at 5.4% CAGR to US$ 614.88 billion by 2032. Asia-Pacific is one of the fastest growing regions in the cement market. Within the Asia Pacific region, the Indian cement market has been witnessing rapid growth led by significant capacity expansion.

Being the second-largest cement producer in the world, India accounts for over 8% of the global installed capacity. The cement sector plays an instrumental role in infrastructure development, with cement being one of the eight core industries in India. Ample quantity and superior quality of limestone deposits throughout the country, provides huge growth potential to the cement industry. India's per capita cement consumption of 240-250 kg is half the world average of 500-550 kg, signifying ample growth opportunities for the sector.

India's cement volume increased by 11% YoY to 445 MT in FY24 as per CRISIL, led by healthy demand from real estate, growing Government push for rural housing, high investment in national infrastructure projects, and demand in commercial infrastructure sector. In addition, growing urban population, step up in industrialisation and strong infrastructure push by the Government continue to provide boost to cement industry growth. While the housing sector continues to dominate cement consumption (60-65% share), there is steady demand growth in infrastructure, commercial and industrial segments as well, especially in the run-up to parliamentary elections in 2024. There has been a steady growth in the sector led by new capacity additions by various players in the sector.

Planned capacity expansions

In FY24, 43 MT of capacity was added taking all-India capacity to 637 MTPA, from 594 MTPA at the end of FY23 *(Source: Crisil)*. Between FY 2024-25 and FY 2028-29, the domestic cement industry is expected to add 210-220 MTPA of capacity led by large and mid-sized players.

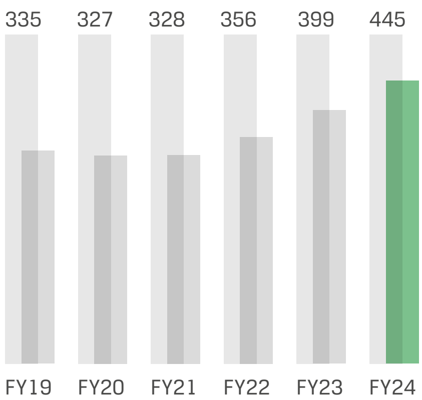
Production and consumption of cement

Various varieties of cement available in India The major types of cement products are: (i) Ordinary Portland cement ("**OPC**"), (ii) Portland Pozzolana cement ("**PPC**"), and (iii) Portland slag cement ("**PSC**").

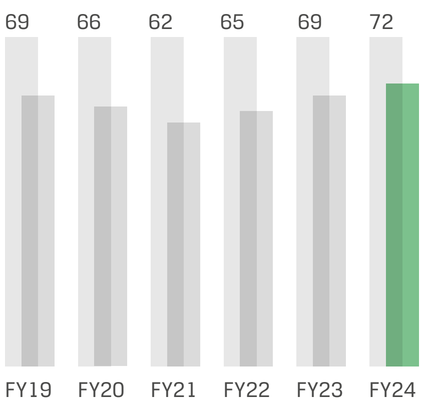
In FY 2023-24, cement production stood at 445 MT with 11% YoY growth supported by sustained government push for real estate (affordable housing) and infrastructure development. In FY 2023-24, cement demand remained robust due to strong government push to boost infrastructure and rural housing in the run up to Parliamentary elections in 2024.

INDIA'S CEMENT VOLUME INCREASED BY 11% YOY TO 445 MT IN FY24 AS PER CRISIL, LED BY HEALTHY DEMAND FROM REAL ESTATE, GROWING GOVERNMENT PUSH FOR RURAL HOUSING, HIGH INVESTMENT IN NATIONAL INFRASTRUCTURE PROJECTS, AND DEMAND IN COMMERCIAL INFRASTRUCTURE SECTOR

Consumption
(MT)



Capacity Utilization
(%)



Growth drivers

- **Infrastructure development push:** In FY 2023-24, the Central Government's capital expenditure increased by over 45% for roads and over 50% for railways as compared to FY 2022-23. Led by flagship schemes like PM Gati Shakti and National Infrastructure Pipeline (NIP), there has been a strong demand for cement nationwide. The Government's focus on developing dedicated rail corridors for energy, mineral and cement sectors, higher budget allocation for metro (~7.57% higher allocation in 2025BE over 2024RE), UDAN scheme for airports, expansion of metro rail and Namo Bharat to more cities, ongoing NHAI and Bharatmala road projects should continue to support infrastructure demand.
- **Continued government focus on affordable housing:** Led by continued shortages in rural housing and strong government push for PM Awas Yojana, cement sector is expected to be a big beneficiary, especially in the run up to Parliamentary elections. Similarly, schemes to promote sanitation and safe drinking water also work in favour of cement demand. Though housing demand may moderate in FY 2024-25 (in the post-election period) due to high base effect, steady growth is expected led by continuation of government's urban and rural housing schemes.
- **Global demand:** Being the second largest cement producer in the world, India is expected to become the main exporter of clinker and grey cement to the Middle East, Africa, and other developing nations of the world.

Outlook

Crude oil, international coal and pet coke prices have seen downward trend from their peak levels. As commodity inflation has begun to cool down it has reduced the pressure on cement players to increase prices to maintain margins. In addition, the medium-term demand in the Indian cement sector is expected to be robust driven by a slew of investments in infrastructure and housing segments. However, higher interest rates may impact housing demand to some extent. Government initiatives like Smart Cities Mission, Bharatmala Pariyojna, Sagar Mala, PM Awaas Yojana - Gramin, Atmanirbhar Bharat Abhiyan, Product Linked Incentive Scheme, Swachh Bharat Mission, UDAN for airports and metro projects bode well for the cement sector demand. Cement consumption is expected to reach 538-543 MT by FY 2026-27 and 625-630 MT by FY 2028-29.

(Cement Market Size, Share, Growth & Analysis Report | 2032 (expertmarketresearch.com))

Indian Cement Industry, Top Cement Companies in India- IBEF

Company Overview

With one and a half decade of rich experience, JSW Cement (the Company), a part of the diversified US$ 24 billion* JSW Group, has emerged as India's leading green cement company, ensuring a greener future for the next generation. The Company boasts a current capacity of 20.60 MTPA with pan India presence and a manufacturing unit in UAE. It also has a state-of-the-art research and development centre.

The Company has crafted a unique place for itself in the construction industry with a portfolio that spans the entire value-chain of building materials comprising cement, concrete and construction chemicals. The Company is thus able to cater to the diverse needs of the construction industry with its premium, high quality and eco-friendly products. The Company's strong commitment to innovation and a greener future is reflected in its tie-ups with premier research institutions for developing products and solutions to promote safety and sustainability. The Company's eco-friendly brands, such as Concreel HD, Power Pro, Portland Slag Cement, Compcem, LC3 cement and Super Sulphated Cement bear testimony to its environmental responsibility.

The Company has earned a strong reputation as the leading Green Cement Company as it is capable of converting industrial waste into cement and other building materials. The Company uses by-products from the steel industry as raw material to manufacture green cement and cementitious materials. To further strengthen its position, the Company's proficient marketing & service teams strive to achieve utmost customer satisfaction with shortest possible turnaround time by extensively leveraging digital tools, mobile-tech and conversational commerce interventions.

The Company aims to enhance its capacity to 40.85 MTPA. It is working in this direction with full force and vigour. The Company's strong business ethics and vision has been acknowledged through various awards including

- "Product of the Year – Cement" at the World of Concrete, India Awards, 2023 the "Ace" award in the large enterprise category at the India Circular Economy Forum, 2023
- One of the "Iconic Brands of India, 2023" at the Iconic Brands of India Awards, 2023
- The "2023 International Bronze Green Apple Environment Award" at the International Green Apple Environment Awards, 2023
- The "Excellence in Corporate Social Responsibility" award at the CII-ITC Sustainability Awards, 2023
- The "Lowest ESG Risk Company of the Year" at the ESG Summit & Awards, 2023 the "Cap 2.0 Committed" for energy, mining and heavy manufacturing sector at the Climate Action Programme, 2023 the "1st Runner up" award in the "Circular Business Models – Matured" category at the Circular Economy Awards, 2023.

Guided by astute leadership, product diversification and strong commitment to contribute significantly to India's Net Zero journey through persistent innovation, the Company has emerged as a crucial player in the infrastructure development sector.

*As on April 30, 2024

MANUFACTURING CAPABILITIES

The manufacturing units of the Company are spread across India - at Vijayanagar in Karnataka, Nandyal in Andhra Pradesh, Salboni in West Bengal, Jajpur in Odisha and Dolvi in Maharashtra, Salem in Tamil Nadu, among others. Its current capacity is 20.6 MTPA. With a strong presence in the East, West and South India, the Company has strategic plans to strengthen its presence in North and Central India as well. With this target, it has acquired a limestone mine from a subsidiary of India Cements in Madhya Pradesh. The Company is also investing in waste heat recovery systems (WHRS) and solar energy capacity expansion.

BUSINESS PERFORMANCE

Highlights of FY 2023-24

1. Achieved the highest consolidated sales volume of 12.53 MTPA which includes cement, GGBS and clinker
2. Dolvi new grinding facility commenced commercial operation during the year, taking the Dolvi plant capacity to 4.5 mtpa
3. Waste Heat Recovery Plant and Alternate Fuel Plant at Nandyal plant commenced operations during the year

WITH A STRONG PRESENCE IN THE EAST, WEST AND SOUTH INDIA, THE COMPANY HAS STRATEGIC PLANS TO STRENGTHEN ITS PRESENCE IN NORTH AND CENTRAL INDIA AS WELL. WITH THIS TARGET, IT HAS ACQUIRED A LIMESTONE MINE FROM A SUBSIDIARY OF INDIA CEMENTS IN MADHYA PRADESH.

4. Clinkerisation facility including waste heat recovery system and alternate fuel consumption at Shiva Cement Ltd at Sundargarh District, Odisha commenced commercial operation.
5. The merger of Springway Mining Private Limited and NKJA Mining Private Limited approved during the year and the same have been considered in previous year standalone financials.

WAY FORWARD

1. Setting up of integrated cement plant at Nagaur, Rajasthan
2. Setting up of Cement grinding unit at Punjab

Financial review

STANDALONE

Highlights of FY 2023-24

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Net Turnover (₹ crore)	5,794.80	4,770.74	21.5
Operating EBIDTA (₹ crore)	1,025.64	799.12	28.3
Operating EBIDTA margin (%)	17.7%	16.8%	5.4
Other Income (₹ crore)	157.09	130.40	20.5
Depreciation & amortisation (₹ crore)	242.47	232.34	4.4
Finance cost (₹ crore)	379.41	261.47	45.1
Profit Before Tax (₹ crore)	423.71	301.38	40.6
Tax Expense (₹ crore)	202.79	51.63	292.8
Profit for the year (₹ crore)	220.92	249.75	(11.5)
Other Comprehensive Income (₹ crore)	67.75	(12.59)	(638.1)
Total Comprehensive Income (₹ crore)	288.67	237.16	21.7

During the year, the Company's revenue increased by 21.5% from ₹ 4,770.74 crore to ₹ 5,794.80 crore backed by increase in GGBS volume and huge infra and commercial demand in the market. This has helped the Company report an operating EBITDA of ₹ 1,025.64 crore for the year, an increase of 28.3% y-o-y due to increase in volume, focus on cost optimization, operational excellence, and prudent financial management practices. This has helped to improve the operating EBITDA margin from 16.8% to 17.7%. The Company registered a net profit after tax of ₹ 220.92 crore.

Production and Sales

The Company has achieved production of 12.15 MT, recording 26.4% growth y-o-y on a standalone basis. This has helped to improve the capacity utilisation to 67.5%. During the year, cement production increased by 22.4% to 7.05 MT, and GGBS production increased by 32.7% to 5.11 MT.

In FY 2023-24 the Company achieved the highest standalone sales of 12.03 MT, an increase of 26% over last financial year. The cement sales stood at 6.94 MT increasing by 21.8% y-o-y, and GGBS sales stood at 5.08 MT increasing 32% y-o-y.

Revenue analysis

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Total Manufactured Finished Goods	5,563.67	4,524.92	23.0
Traded	46.89	90.50	(48.2)
Total Turnover	**5,610.56**	**4,615.42**	**21.6**
Govt. Incentive	89.08	88.07	1.1
Other operating income	95.16	67.25	41.5
Gross Revenue	**5,794.80**	**4,770.74**	**21.5**

Cement & GGBS sales volume grew by 26% reaching 12.03 MT in FY 2023-24 against the industry volume growth of 9% in FY 2023-24. The industry demand remained strong well supported by government spending and improved outlook for the real estate industry. Government's investment on infrastructure development projects such as roads, bridges, highways, airports, railways, dams, and urban infrastructure created a consistent demand for cement, driving both production and sales volume.

Other income

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Interest Income	114.06	74.61	52.9
Others	43.03	55.79	(22.9)
Total	**157.09**	**130.40**	**20.5**

The other income has increased by 20.5% to ₹ 157.09 crore from ₹ 130.40 crore in FY 2022-23. This increase is mainly due increase in interest earned on loan and advances given to subsidiaries.

Material cost

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Cost of materials consumed, including purchase of traded goods and change in inventories	1,409.44	1,142.05	23.4

The Company's expenditure on material consumption increased by 23.4% from ₹ 1,142.05 crore in FY 2022-23 to ₹ 1,409.44 crore in FY 2023-24. The increase is primarily due to increase in volumes and product mix.

Employee benefits expense

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Employee benefit expenses	274.06	264.80	3.5

The employee benefits expense increased by 3.5 % from ₹ 264.80 crore in FY 2022-23 to ₹ 274.06 crore in FY 2023-24. The increase is mainly due to increase in number of employees and annual increments which is offset by drop in ESOP expenses charge during the year.

Power and fuel cost

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Power and fuel	851.98	797.33	6.9

Power and fuel cost has increased by 6.9% mainly due to increase in volume and offset by reduction in power cost due to better utilisation of source of power i.e. between thermal power, alternate fuel and renewable power and softening of fuel price

Freight and handling expenses

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Freight and handling expense	1,361.66	1,122.95	21.3

Freight and handling expenses increased by 21.3% from ₹ 1,122.95 crore in FY 2022-23 to ₹ 1,361.66 crore in FY 2023-24. The increase is mainly due to increase in volume of finished product handled offset by reduction in total delivery cost, average lead, increase in direct dispatches to the customers and efficient utilisation of mode for dispatch.

Manufacturing, marketing, administrative and other expenses

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Manufacturing & other expense	782.72	646.87	21.0

Manufacturing, marketing, administrative and other expenses increased by 21.0% from ₹ 646.87 crore in FY 2022-23 to ₹ 782.72 crore in FY 2023-24. The increase was primarily due to stores spares consumed, spend on repair maintenance undertaken at plant location, job work activities at Salem plant for incremental GGBS volumes, rent for wagons taken on lease, increased spend on travel expenses, higher commission & discounts offered to distribution network.

Finance cost

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Finance Cost	379.41	261.47	45.1

Finance cost increased by 45.1 % from ₹ 261.47 crore in FY 2022-23 to ₹ 379.41 crore in FY 2023-24.

The increase is mainly due to increase in the average borrowing cost by over 60 bps during the year and due to completion of the Capital project and capitalisation which has resulted in charging the relevant portion of interest cost to expense.

Depreciation and amortisation expenses

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Depreciation	242.47	232.34	4.4

Depreciation and amortisation expenses increased by 4.4% from ₹ 232.34 crore in FY 2022-23 to ₹ 242.47 crore in FY 2023-24. The increase was mainly due to Project capitalisation and additional ROU assets recognised during the financial year.

Tax Expense

The tax expense was ₹ 202.79 crore in FY 2023-24 compared to ₹ 51.63 crore in FY 2022-23. The effective tax rate in FY 2023-24 is 47.9%, mainly on account of impact of fair valuation of CCPS in statement of Profit & Loss. In FY 2022-23 the differed tax liability is reduced due to impact of de-recognition of the tax liability on merger Spring way Mining Private Ltd and NKJA Mining Private Ltd into the Company

Property, Plant and Equipment

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Tangible Assets	3,901.89	3,456.37	12.9
Capital Work-in-progress	632.58	755.02	(16.2)
Right of Use Assets	411.79	206.24	99.7
Intangible Assets	670.27	681.47	(1.6)
Intangible Assets under development	1.11	0.69	60.9
Total	**5,617.64**	**5,099.79**	**10.2**

The net block of property increased has increased by ₹ 445.52 crore primarily on account of capitalisation of 2 MTPA grinding unit at Dolvi, Maharashtra and Waste Heat Recovery and Alternate Fuel Recovery Plant at Nandyal Andhra Pradesh. Capital Work-in-progress mainly includes spend on Vijayanagar expansion and on routine project at all plant locations.

Investments

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Investments in subsidiaries, associates and joint ventures	483.83	467.95	3.4
Other Investment (Non-Current & Current)	607.85	520.37	16.8
Total	**1,091.68**	**988.32**	**10.5**

The increase in investment is mainly due to positive movement in share price of JSW Energy Limited, impact of fair valuation of preference share held in subsidiary & group company and investment made in JSW Renewable Energy (Cement) Limited under captive power purchase agreement for renewable power supply.

Loans

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Long-term loans & advances	564.13	575.34	(1.9)
Short-term loans & advances	541.15	384.48	40.7
Total	**1,105.28**	**959.82**	**15.2**

The increase is mainly due to additional loan given to subsidiaries as per approved terms & conditions

Other financial assets

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Other non-current financial assets	417.37	88.10	373.7
Other current financial assets	223.79	500.64	(55.3)
Total	**641.16**	**588.74**	**8.9**

The increase in other financial assets is mainly due Increase in receivable of government grant for West Bengal and Odisha net of provision for expected credit loss, margin maintained with the bank and increase on interest income accrued on loans provided to subsidiaries/ group companies.

Other non-financial assets

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Other non-current assets	464.34	529.95	(12.4)
Other current assets	362.62	195.60	85.4
Total	**826.96**	**725.55**	**13.9**

The increase is other financial assets is mainly due to advance given to revenue vendors for bulk raw material and fuel supply and prepayments made to authorities for mines rights and coal block as per bid terms.

Inventories

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Raw materials	85.16	97.75	(12.9)
Semi-finished goods	17.25	14.61	18.1
Finished goods	49.33	43.27	14.0
Traded Goods	0.08	0.07	14.3
Stores and spares	138.25	156.69	(11.8)
Fuel	138.65	93.67	48.0
Total Inventories	**428.72**	**406.06**	**5.6**

The increase is mainly to cater the expanded production capacity. The average inventory holding in terms of days remains same at 49 days as on March 31st, 2024.

Trade receivables

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Total Debtors	779.81	705.02	10.6
Less Provision for Doubtful debts	(8.57)	(1.34)	539.6
Trade receivables	**771.24**	**703.68**	**9.6**

The debtors in terms of average number of days to sales as on March 31st, 2024 is 48 days vis-à-vis 56 days as on March 31st, 2023.

Cash and Bank Balances

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Cash and Cash Equivalent	93.89	47.95	95.8
Bank & Bank Balances	195.94	2.09	9275.1
Total	**289.83**	**50.04**	**479.2**

To meet short-term cash commitments and repayment obligations, the Company parks surplus funds in short-term and highly liquid instruments which represent cash and cash equivalent and other bank balances.

Borrowings

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Long-term Borrowings (including current maturity of long-term borrowings)	2,877.54	2,921.65	(1.5)
Other Loans (CCPS)	1,747.26	1,610.12	8.5
Short-term Borrowings (excluding current maturity of long-term borrowings)	545.71	274.56	98.8
Total	**5,170.51**	**4,806.33**	**7.6**

Long term borrowing has decreased due net repayment of term loan during the year. The movement in CCPS is mainly due to recognising the increase in fair value of the instrument as per IND AS 109. The short-term loan has increased due to availing of additional working capital facility for increase in operation scales.

Trade payables

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Trade Payables	722.18	757.11	(4.61)
Acceptances	418.05	261.36	60.0
Total	**1,140.23**	**1,018.47**	**12**

During the year the operational payable liabilities and acceptances have increased in line with the increase in operation scale during the year.

Other financial liabilities

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Other current financial liability	797.90	695.82	14.7
Lease liabilities (current & non-current liabilities)	406.37	200.06	103.1
Other non-current financial liability	24.11	25.90	(6.9)
Total	**1,228.38**	**921.78**	**33.3**

The increase in other current financial liabilities is mainly due to reduction in project creditors for the expansion. Increase in Lease liabilities is mainly recognition of new lease assets.

Other non-financial liabilities

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)
Provisions	74.98	74.37	0.8
Other current liability	126.92	78.74	61.2
Total	**201.90**	**153.11**	**31.9**

The increase in other current liabilities is mainly increase in advance received from revenue customers and GST liability payable at end of the year.

Capital employed

The total capital employed increased by 8.5% from ₹ 6,723.95 crore as on March 31st, 2023, to ₹ 7,296.64 crore as on March 31st, 2024. The Company's average return on capital employed stood at 12.9% vis-à-vis 10.3% in FY 2022-23.

Own funds

Net worth increased from ₹ 2,384.31 crore as on March 31st, 2023, to ₹ 2,686.46 crore as on March 31st, 2024. The book value per share was ₹ 27.24 as on March 31st, 2024, as against ₹ 24.17 as on March 31st, 2023.

Other key ratios

Other key financial indicators

(in ₹ Crore)

Particulars	FY 2023-24	FY 2022-23	Growth (%)	Growth
Inventory Turnover (No. of days)	49	49	-	
Debtors Turnover (No. of days)	48	56	(14.3)	Improvement in collections
Trade Payable turnover ratio (No. of days)	84	81	3.7	Effective working capital management
Debt service Coverage Ratio	1.22	1.15	6.0	Better operating performance resulting improvement in ability to repay
Current Ratio	0.78	0.87	(10.3)	Mainly due to increase in current maturity of rupee term loan
Debt Equity Ratio	1.92	2.02	(5.0)	Due to increase in borrowing for expansion
Operating EBIDTA Margin	17.7%	16.8%	5.4	Mainly on account of economies of scale due to increase in scale of operations
Return on Equity Ratio	8.71 %	11.10%	(21.5)	Drop is mainly on account of impact of loss on fair valuation of financial instruments and provision expected credit loss for incentives under Government schemes

CONSOLIDATED

The Company has reported consolidated revenue, Operating EBIDTA and profit after tax of ₹ 6,028.10 crore, ₹ 1,098.93 crore, and ₹ 224.37 crore, respectively. The Company's consolidated financial statement includes the financial performance of the following subsidiaries and Joint Ventures:

Subsidiaries

- Shiva Cement Limited
- Utkarsh Transport Private Limited
- JSW Green Cement Private Limited

Joint Ventures

- JSW One Platforms Limited.
- JSW Cement FZC

Associate

- JSW Renewable Energy (Cement) Limited (from 27.09.2023)

BUSINESS OUTLOOK

The Company has embarked on a growth journey targeting to emerge among the top 5 cement companies by 2030 with a capacity of 40.85 MTPA while maintaining its leadership in sustainability. The Company is working to increase capacity utilization to 80% with strong focus on both trade and non-trade segments. The Company is investing in kiln upgrades, alternate fuels and WHRS to enable it to become one of the lowest cost producers of cement. Across locations, the Company is maximising the use of renewable energy by installing solar and wind energy sources.

RISK MANAGEMENT

The Company's comprehensive Risk Management Policy ensures effective risk identification and management in compliance with the provisions of the Companies Act, 2013. This ensures sustainable business growth coupled with robust corporate governance. Both internal and external risks pose different challenges at different times requiring unique mitigation approaches. Across the JSW Group, a standardised Risk Management Process and System has been implemented. Risk plans have been framed for all identified risks with mitigation action, target dates and responsibility. The Risk Management Committee is entrusted with the responsibility of closely monitoring and reviewing the risk plans. The Committee meets every half-year to review key strategic and tactical risks, identify new risks and assess the status of mitigation measures.

RESEARCH & DEVELOPMENT

The Company's superior quality low-carbon products are setting new benchmarks in sustainable construction worldwide. The Company's emission intensity stood at 241 kg/tonne under scope 1 and 270 kg/tonne under scope 1+2 emissions. In Fiscals 2024, JSW Cement's carbon dioxide emission intensity was 270 kg per tonne which was approximately 51% lower than the average of emissions reported by Indian peer group. JSW Cement's carbon dioxide emission intensity in Fiscal 2024 was ~53% lower compared to average carbon dioxide emission intensity of global cement companies mentioned in the above table in 2023, speaking volumes of its strong decarbonisation commitment. The success is primarily attributable to its skilled R&D team which exhibit unwavering focus towards revolutionary products with low carbon footprints and circular economy. This is further validated by the ever-increasing portfolio of patents for slag-based cementitious products, clinker free Geopolymer binder and Durable low carbon cement. The R&D team tirelessly works to formulate building products with high strength and durability, corrosion resistance, and significantly reduced carbon emissions from various by-product slag materials. In addition, the team is working to produce eco-friendly and biodegradable cement bags and synthetic gypsum as a substitute for natural gypsum. The Company has partnered with several renowned with esteemed institutions worldwide, such as FEhS Building Materials Institute and Eco maister, to embed latest technological prowess. Indigenous partnerships with renowned institutes like IIT Delhi, IIT Bombay, IIT Guwahati, IIT Chennai, IIT Dhanbad and IISc Bangalore drive the development of eco-friendly products and innovative sustainability interventions.

ENVIRONMENT, SUSTAINABILITY AND ENVIRONMENT

The Company is committed to continuously make greater strides to drive its operations towards a greener and circular future. Environmental stewardship remains the guiding principle for all its business endeavours. The Company works relentlessly to create a resilient and environmentally conscious society with significant investment in circular economy and decarbonisation.

JSW Cement is an active member of the Global Cement and Concrete Association (GCCA), striving to achieve Net Zero concrete emissions by 2050. This is achievable through strategies including clinker substitution, incorporation of alternate fuels and raw materials, expansion of its clean energy portfolio, and investment in solar power plants, WHRS and renewable energy sources. The Company remains committed to reduce freshwater withdrawal intensity by 15% and attain 5x water positivity by 2030, through water conservation measures and water stewardship initiatives. The Company is also making efforts to conserve biodiversity and minimise its ecological footprint with the target of achieving 'No Net Loss' on biodiversity by 2030.

The Company maintains air quality, practices reduce-reuse-recycle with responsible disposal of both hazardous and non-hazardous waste, prohibits wastewater discharge beyond its facilities and also prioritises social sustainability.

HUMAN RESOURCES

The Company recognizes that human capital plays a crucial role in elevating organizational awareness and driving productivity and business growth. In order to achieve the Organisational Objectives of growth, agility and increased productivity, HR policies play a crucial role. The Company fosters a growth-oriented work culture with a safe, productive and healthy environment. Thoughtfully devised HR policies enable the Company to provide a wholistic growth environment and a superior employee experience. The HR function constantly endeavours to align employee goals with Company goals.

The Company lays strong focus on hiring and grooming new talent to build future leaders in various domains. At JSW Cement, trainees undergo a one-month induction program followed by structured rotation giving them apt exposure to 2-3 core domain areas. This is followed by on-the-job-training which readies them for their assigned roles independently. While hiring, as a policy, the Company continued to induct female graduate candidates.

The Company undertakes several employee engagement initiatives to promote unity and harmony. The HR team organises family meets, outbound sessions, talent hunt, team lunches and dinners, the Founders Day Celebration, etc.

The Company also provides various training programmes for its employees in the factories. The Company ensures utmost safety of all its employees across various locations. To encourage safety practices, the Company rewards its safe working employees. The Company provides drivers on defensive driving techniques on a daily basis through plants Road and Rail Subcommittee.

During the Company maintained cordial relations with all employees across locations throughout the year.

CORPORATE SOCIAL RESPONSIBILITY

The Company's Corporate Social Responsibility (CSR) approach is aimed at inclusive social and economic growth. The Company strives to deliver tangible and sustainable changes in the lives of individuals and communities through various programmes. The CSR initiatives are centred around pivotal areas such as fostering sustainable livelihoods, advancing education, promoting health and rural development, and enhancing sanitation. The Company strives for holistic societal development through various efforts towards initiatives that bring about meaningful betterment.

INFORMATION TECHNOLOGY

With customers becoming increasingly digitally-engaged and data-conscious. There has an emerged a need for personalised solutions seamlessly integrated into daily lives and be available on demand. Thus, it is imperative for organisations to adapt technology and digitalise its business operations to stay relevant. The Company has invested in developing new digital platforms to improve engagement with customers and stakeholders alike. The Company is striving to be able to make prompt informed decisions by converting data into a readily accessible and reusable assets. The Company attempts to embed digitalisation across its value chain from sourcing raw materials to production, logistics to customer engagement, and extending further to internal operations. The use of various apps like JSW Aikyam, Saathi App, DGO App, and NonTrade App, complemented by the deployment of a state-of-the-art logistics control tower has transformed business operations. Likewise, the sales team has also been equipped with Smart JSW Saathi App to seamlessly manage their accounts. In manufacturing, the Company has instated flexible and scalable digital solutions like artificial intelligence, predictive analytics and collaborative robotics resulting in significant advancement in automation and end-of-line customisation. These digitalisation initiatives has enabled the Company to significantly improve its efficiency and productivity.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has devised a comprehensive internal control system commensurate with the industry it operates in, and size of its business operations. Various business aspects of governance, compliance, audit, control, and reporting are regulated with the help of the well-planned internal control framework. The Company has a robust Management Information System, which is an integral part of the control mechanism. The internal control framework ensures adherence to regulations, safeguarding of assets, detection and prevention of frauds and errors, adequacy and completeness of accounting records, and timely preparation of reliable financial information. The internal control system is constantly assessed and strengthened with new/revised standard operating procedures. The efficacy of the internal checks and control system is validated by internal auditors and re-examined by the management. The internal audit also helps to benchmark controls with best practices in the industry. The Company thus ensures that internal control systems are adequate, effective and upgraded as required. The Audit Committee of the Board of Directors closely monitors the adequacy and effectiveness of the internal control systems and puts forth its suggestions for improvement. The management reports any significant audit observations and corrective actions taken to the Audit Committee. The internal Audit function reports to the Chairman of the Audit Committee to maintain its objectivity and independence.

CAUTIONARY STATEMENT

The narrative in this Management Discussion and Analysis contains 'forward-looking statements' including, but not limited to, statements relating to implementation of strategic initiatives, future business developments and economic performance. While these forward-looking statements indicate our assessment and future expectations concerning the development of our business, numerous risks, uncertainties and other unknown factors could cause actual results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental, and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. JSW Cement undertakes no obligation to publicly revise any forward-looking statements to reflect future / likely events or circumstances.