

JSW Steel

Estimate changes	↔
TP change	↔
Rating change	↔

Bloomberg	JSTL IN
Equity Shares (m)	2445
M.Cap.(INRb)/(USDb)	2466.2 / 28.9
52-Week Range (INR)	1075 / 824
1, 6, 12 Rel. Per (%)	-5/-1/2
12M Avg Val (INR M)	2111

Financials Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Net Sales	1,688	2,053	2,389
EBITDA	229	351	456
Adj. PAT	38	121	190
EPS (Gr %)	-57.7	217.5	57.9
BV/Sh (INR)	326	372	446

Ratios

ROE (%)	4.8	14.2	19.1
RoCE (%)	5.4	9.5	12.6

Valuations

P/E (X)	70.5	20.4	12.9
P/BV (X)	3.1	2.7	2.3
EV/EBITDA (X)	14.4	9.3	7.1
Div Yield (%)	0.3	0.3	0.3

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	44.8	44.9	44.8
DII	11.0	11.1	10.3
FII	26.0	25.8	26.4
Others	18.2	18.2	18.4

FII Includes depository receipts

CMP: INR1,009 TP: INR1,190 (+18%)

Buy

In-line operating performance

- JSTL posted consolidated revenue of INR448b (-3% YoY and +8% QoQ) in 4QFY25, in line with our estimate of INR447b.
- EBITDA came in at INR63b (+4% YoY and +14% QoQ), largely in line with our estimate. EBITDA was supported by higher sales volumes and lower coking coal costs.
- EBITDA/t stood at INR8,515/t in 4QFY25, down 6% YoY but improved by 2% QoQ (vs. our est. of INR9,158/t).
- APAT stood at INR15b (+18% YoY and +96% QoQ), aided by a lower tax outgo during the quarter (vs. our estimate of INR17.2b).
- Combined crude steel production stood at 7.63mt (+12% YoY and +9% QoQ). Capacity utilization of India operation was 93% during the quarter and 91% in FY25.
- In 4QFY25, sales volumes stood at 7.49mt (+11% YoY and +12% QoQ) and ASP stood at INR59,800/t (-13% YoY and -3% QoQ).
- Domestic sales at 6.72mt rose 30% YoY and 12% QoQ, whereas institutional sales volumes increased 33% YoY and 11% QoQ and Retail sales grew 25% YoY and 15% QoQ. Exports remained stable QoQ at 8% of sales from the Indian operations.
- During FY25, JSTL revenue fell 4% YoY to INR1,688b and EBITDA declined by 19% YoY to INR229b. Adj. PAT for FY25 declined by 58% YoY to INR38.2b. Consolidated annual production stood at 27.79mt (+5% YoY) and sales at 26.45mt (+7% YoY).
- Dividend: INR2.8 per share.

Highlights from the management commentary

- Realization/t is expected to go up by INR3,200-3,250/t for 1QFY26.
- Coking coal costs declined USD15/t QoQ (guided USD10-15/t) in 4QFY25. In 1QFY26, management expects coking coal costs to further decline by USD10-15/t sequentially.
- Volume guidance for FY26: Indian operations' production/sales to be 29.5mt/28.2mt. USA-Ohio production/sales to be 1/1mt.
- Management targets VAP to be 60%+ in FY26. After the capacities come on stream, the VAP share is likely to fluctuate as the downstream capacities will come with a delay as compared to crude steel capacity.
- Capex Guidance: INR200b for FY26 and INR210b for FY27. Out of this, ~96% of the total capex will be spent on Indian operations, and the remaining for overseas operations.
- Captive iron ore sourcing is expected at 40% for FY26. It produced 34 million tons in FY25, which should be within a similar range in FY26.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- JSTL reported a decent performance in 4QFY25, supported by strong volume and deflated costs, offsetting the subdued realizations. We believe JSTL is well placed with new capacities coming on-stream, strong domestic demand, and a rising share of value-added proportion in the sales mix. Its focus on increasing the captive share of iron ore and improving coal linkages will support earnings.
- Going forward, we expect strong revenue/EBITDA/APAT performance, driven by healthy volume, improving realization and muted costs. This will generate CFO of +INR600b over FY26-27E, which will help JSTL to fund its proposed capex of INR650b during FY25-27E.
- **At CMP, JSTL trades at 7x FY27E EV/EBITDA and we largely maintain our FY26/FY27 EBITDA estimates. We reiterate our BUY rating on the stock with a TP of INR1,190 (premised on 8x EV/EBITDA on FY27 estimate).**

Consolidated financial performance (INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25 Vs Est 4QE	Vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sales (kt)	5,710	6,340	6,000	6,730	6,120	6,130	6,710	7,490	24,780	26,450	7,187	4%
Change (YoY %)	27.2	10.5	6.6	3.1	7.2	(3.3)	11.8	11.3	10.7	6.7		
Change (QoQ %)	(12.6)	11.0	(5.4)	12.2	(9.1)	0.2	9.5	11.6	-	-		
Net Realization/t	73,928	70,322	69,900	68,750	70,168	64,737	61,666	59,838	70,624	63,828	62,187	-4%
Net Sales	422.1	445.8	419.4	462.7	429.4	396.8	413.8	448.2	1,750.1	1,688.2	447	0%
Change (YoY %)	10.8	6.7	7.2	(1.5)	1.7	(11.0)	(1.3)	(3.1)	5.5	(3.5)		
Change (QoQ %)	(10.1)	5.6	(5.9)	10.3	(7.2)	(7.6)	4.3	8.3				
EBITDA	70.5	78.9	71.8	61.2	55.1	54.4	55.8	63.8	282.4	229.0	66	-3%
Change (YoY %)	63.5	350.1	57.9	(22.9)	(21.8)	(31.1)	(22.3)	4.1	52.2	(18.9)		
Change (QoQ %)	(11.2)	11.9	(9.0)	(14.7)	(10.0)	(1.3)	2.6	14.3				
EBITDA (INR per ton)	12,340	12,438	11,967	9,100	9,003	8,869	8,314	8,515	11,395	8,659	9,158	-7%
Interest	19.6	20.8	20.0	20.6	20.7	21.3	21.2	20.9	81.1	84.1		
Depreciation	19.0	20.2	20.6	21.9	22.1	22.7	23.4	25.0	81.7	93.1		
Other Income	3.3	2.4	1.9	2.4	1.6	1.5	1.5	2.3	10.0	6.9		
PBT (before EO Item)	35.1	40.2	33.2	21.1	13.9	11.9	12.8	20.2	129.6	58.8	27	-25%
Share of P/(L) of Ass.	(0.3)	(0.2)	(0.2)	(1.0)	(0.1)	(0.6)	0.1	(2.4)	(1.7)	(3.1)		
EO Items	-	(5.9)	-	-	-	3.4	1.0	0.4	(5.9)	4.9		
PBT (after EO Item)	34.8	45.9	33.0	20.1	13.8	7.9	11.8	17.3	133.8	50.8		
Total Tax	10.5	18.1	8.5	6.9	5.1	3.9	4.6	2.3	44.1	15.9		
% Tax	30.2	39.5	25.8	34.3	37.2	48.8	39.0	13.2	32.9	31.2		
PAT before MI and Asso.	24.3	27.7	24.5	13.2	8.7	4.0	7.2	15.0	89.7	34.9		
MI (Profit)/Loss	0.9	0.1	0.4	0.2	0.2	(0.4)	0.0	(0.0)	1.6	(0.1)		
Reported PAT after MI/Asso.	23.4	27.6	24.2	13.0	8.5	4.4	7.2	15.0	88.1	35.0		
Adj. PAT after MI and Asso.	23.4	30.7	22.8	13.0	8.5	6.4	7.8	15.3	89.8	38.0	17.2	-11%
Change (YoY %)	179.0	NA	365.3	(64.5)	(63.9)	(79.0)	(65.8)	17.7	152.8	(57.7)		
Change (QoQ %)	(36.2)	31.1	(25.6)	(43.0)	(34.9)	(23.8)	20.9	96.4				

Source: MOFSL, Company



Highlights from the management interaction

Guidance:

- Realization/t is expected to go up by INR3,200-3,250/t for 1QFY26.
- Coking coal costs declined USD15/t QoQ (guided USD10-15/t) in 4QFY25. In 1QFY26, management expects the coking coal costs to further decline by USD10-15/t sequentially.
- Volume guidance for FY26: Indian operations Production/Sales to be 29.5/28.2mt; USA-Ohio Production/Sales to be 1/1mt.
- Management targets VAP to be 60%+ in FY26. After the capacities come on stream, the VAP share is likely to fluctuate as the downstream capacities will come with a delay as compared to crude steel capacities.
- Coated coloured sheets and CRGO are seeing downstream capacity expansions over the next 2-2.5 years.

Capex:

- Capex Guidance: INR200b for FY26 and INR210b for FY27. Out of this, ~96% of the total capex will be spent on Indian operations, and the remaining for overseas operations.
- **JVML Project:** The new blast furnaces at JVML are operating at over 90% capacity utilization as of Mar'25. One of two converters and both casters are operational, with the second converter expected by 2QFY26. This expansion is expected to contribute 3.5mt of incremental production in FY26.
- **Vijayanagar Blast Furnace 3 (BF3):** A shutdown is planned for Jul'25 to upgrade capacity by 1.5mt.
- Dolvi Phase – III expansion: Long lead-time ordered and letter of credit established. This expansion will increase the steel-making capacity by 5MTPA, taking total capacity to 15MTPA, and is expected to be completed by Sep'27.
- BPSL phase II (from 3.5MTPA to 5MTPA) expansion is completed and ramped up to 4.5MTPA in 3QFY25 and the balance 0.5MTPA expansion will be achieved by debottlenecking till FY27.
- The 0.12MTPA color-coating line in Jammu & Kashmir is commissioned and the operations started in 3QFY25 and is under a trial run.

Iron ore linkages:

- Captive sourcing is expected at 40% for FY26. It produced 34 million tonnes in FY25, which should be within a similar range in FY26.
- JSTL has nine mines in Karnataka, with an existing EC of ~7mt, and it recently added 4mt, taking the total capacity to 11mt. The company also allotted three new mines with an EC of ~4.5mt, taking the total production capacity to 15.5mt by 2QFY26, and it targets to produce ~15mt during FY26.
- The mining operations at Cudnem are expected to start by 3QFY26, and Surla and Codli mines by 2HFY27E. Together, JSTL will operate three mines in Goa with cumulative production capacity of 3.5mt, which will support Dolvi operations.
- From the Orissa mines, the company is targeting to generate 30mt of iron ore by enhancing ECs. BPSL mine is expected to start operations in 1QFY26.
- Production from **Moitra mine** is expected to start in Jun'26.

- JSW Steel won a bid to operate Dugda Washery of 2mt in Jharkhand for 25 years, with the commissioning planned by Dec'26.

Demand outlook:

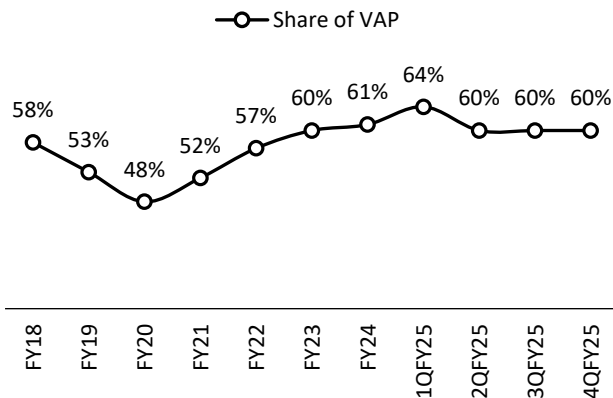
- Steel demand in India is expected to grow by 8-10%, with JSW Steel projecting consolidated production of 30.5mt and sales of 29.2mt (10% volume growth).
- Improved pricing is expected to enhance EBITDA at the Baytown mill (Texas) and reduce losses at Ohio operations. Italian operations are expected to improve with better rail order visibility.
- Imports are expected to moderate, and exports (8% of sales) will face headwinds, but reduced dependence on international markets will mitigate impacts.

Other highlights:

- The Supreme Court rejected JSW Steel's resolution plan for BPSL in May'25, directing refunds of amounts paid to creditors.
- JSW Steel, in consultation with legal advisors, believes it has strong grounds for legal remedies. The matter is sub-judice, and no further details on cash flows, capex, or timelines provided. Production and sales at BPSL continue unabated, with no additional equity infusion or loans extended by JSW Steel.
- There is no tax benefits that JSW Steel received owing to the BPSL acquisition.

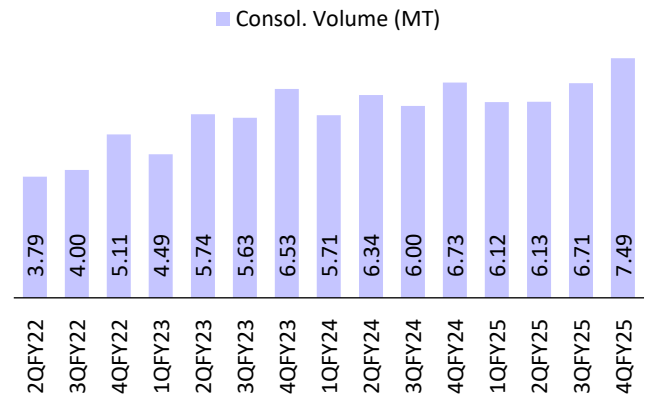
Story in charts

Exhibit 1: Share of VAP stood at 60% in 4QFY25



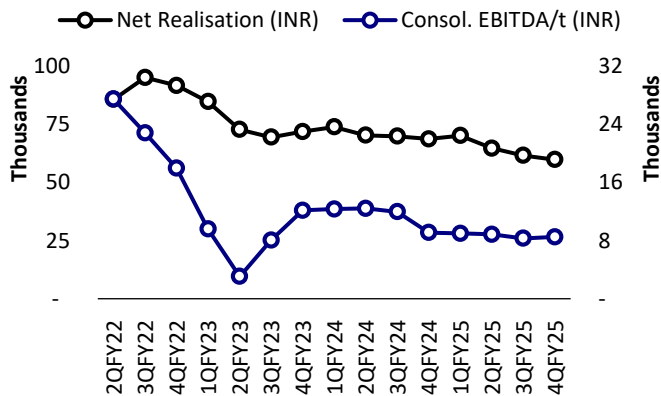
Source: MOFSL, Company

Exhibit 2: Quarterly consol. volumes (MT)



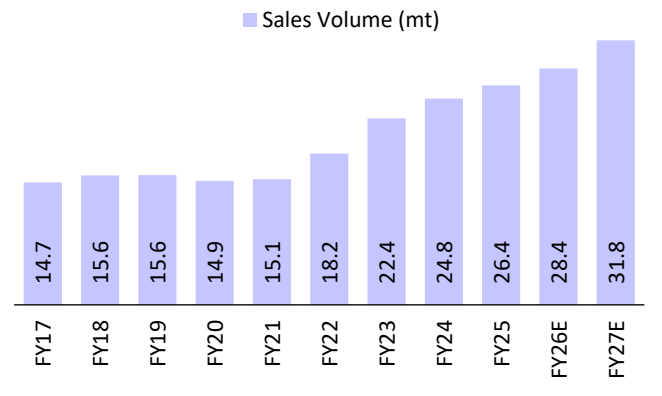
Source: MOFSL, Company

Exhibit 3: Consol. ASP and EBITDA/t trends



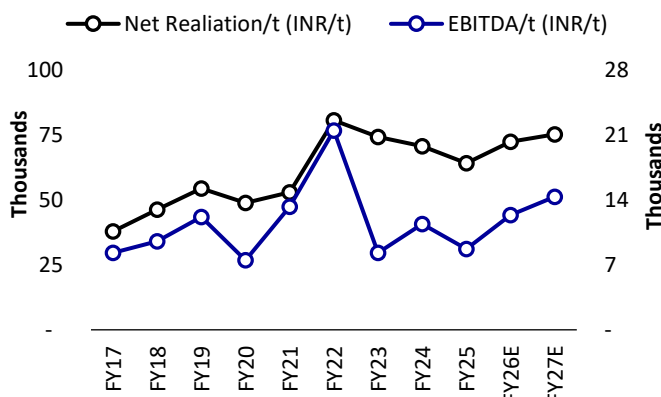
Source: MOFSL, Company

Exhibit 4: Sales volume expected to hit ~30mt by FY27



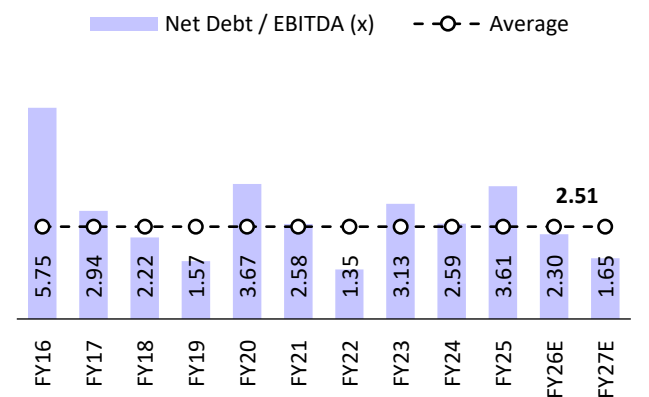
Source: MOFSL, Company

Exhibit 5: Consol. EBITDA (INR/t) set to improve



Source: MOFSL, Company

Exhibit 6: Net debt/EBITDA likely to fall below LTA



Source: MOFSL, Company

Exhibit 7: Operational Estimates

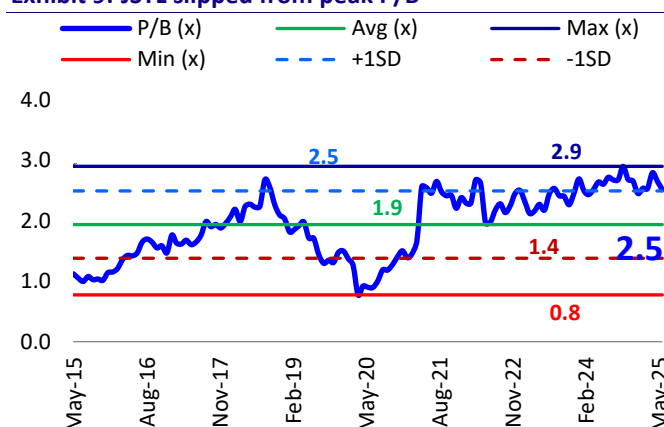
Particular	UoM	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Volumes	(mt)	15.6	14.9	15.1	18.2	22.4	24.8	26.4	28.4	31.8
Growth	%	0.3	(4.5)	1.2	20.6	23.2	10.7	6.3	7.8	12.0
Net Realization	(INR/t)	54,331	48,732	52,792	80,512	74,122	70,624	64,070	72,282	75,114
Growth	%	17.5	(10.3)	8.3	52.5	(7.9)	(4.7)	(9.3)	12.8	3.9
EBITDA/t	(INR/t)	12,149	7,488	13,249	21,456	8,284	11,395	8,692	12,359	14,332
Growth	%	27.7	(38.4)	76.9	61.9	(61.4)	37.6	(23.7)	42.2	16.0

Source: MOFSL, Company

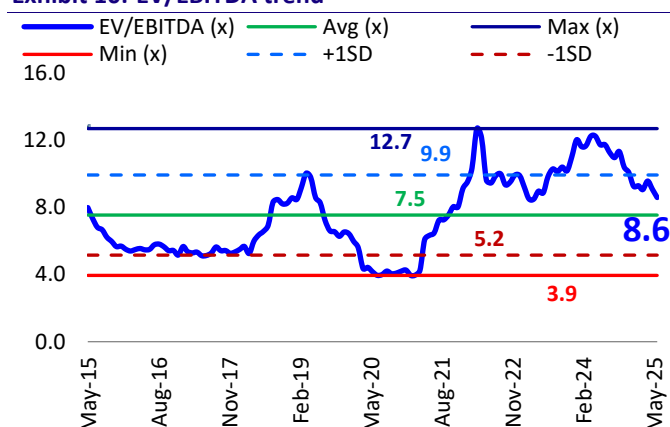
Exhibit 8: Changes to our key assumptions and estimates (consolidated)

Particulars (INR b)	FY26E			FY27E		
	New	Old	% Change	New	Old	% Change
Revenue	2,053	2,053	0.0%	2,389	2,389	0.0%
EBITDA	351	350	0.2%	456	455	0.2%
Adj PAT	121	132	-8.5%	190	202	-5.9%

Source: MOFSL, Company

Exhibit 9: JSTL slipped from peak P/B


Source: MOFSL

Exhibit 10: EV/EBITDA trend


Source: MOFSL

Exhibit 11: Target Price calculations

Particular	UoM	FY27E
Target EV/EBITDA	x	8.0
Target EV	(INR b)	3,646
Net debt	(INR b)	752
Equity value	(INR b)	2,894
No. of Shares	(Nos. b)	2.44
TP		1,190
UPSIDE %		18%

Source: MOFSL, Company

Financials and Valuation

Income statement (Consolidated) - INR b

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Net sales	726	796	1,464	1,660	1,750	1,688	2,053	2,389
Change (%)	(14.3)	9.6	83.9	13.4	5.5	(3.5)	21.6	16.3
Total Expenses	615	596	1,074	1,474	1,468	1,459	1,702	1,933
EBITDA	112	200	390	185	282	229	351	456
% of Net Sales	15.4	25.1	26.6	11.2	16.1	13.6	17.1	19.1
Depn. & Amortization	42	47	60	75	82	93	98	102
EBIT	69	153	330	111	201	136	253	354
Net Interest	43	40	50	69	81	84	89	92
Other income	5	6	15	10	10	7	8	10
PBT before EO	32	119	296	52	130	59	172	272
EO income	(21)	(1)	7	(6)	(6)	5	-	-
PBT after EO	53	120	288	58	136	54	172	272
Tax	12	41	88	15	44	16	52	82
Rate (%)	23.7	34.5	30.6	26.2	32.5	29.4	30.0	30.0
PAT before MI and Asso.	40	79	200	43	91	38	121	190
Minority interests	(1)	(0)	3	(0)	2	(0)	-	-
Share of Associates	(1)	0	9	(1)	(2)	(3)	-	-
Reported PAT after MI and Asso.	40	79	207	41	88	35	121	190
Adj. PAT (after MI & Asso)	20	78	214	36	90	38	121	190
Change (%)	(74.2)	297.8	173.3	(83.4)	152.8	(57.7)	217.5	57.9

Balance sheet (Consolidated) - INR b

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Share Capital	3.0	3.0	3.0	3.0	3.1	3.1	3.1	3.1
Reserves	363	453	670	654	774	792	904	1,086
Net Worth	366	456	673	657	777	795	907	1,089
Minority Interest	(6)	(6)	12	13	21	22	22	22
Total Loans	530	644	700	788	856	960	940	874
Deferred Tax Liability	17	35	76	79	97	95	95	95
Capital Employed	907	1,129	1,461	1,538	1,750	1,871	1,964	2,079
Gross Block	764	828	1,231	1,338	1,483	1,693	1,843	1,993
Less: Accum. Deprn.	184	223	282	343	411	505	602	704
Net Fixed Assets	580	605	949	995	1,072	1,188	1,241	1,289
Capital WIP	313	370	219	271	349	267	292	317
Investments	61	138	143	163	215	245	245	245
Curr. Assets	365	359	654	682	645	707	753	819
Inventory	138	142	338	331	378	350	394	453
Account Receivables	45	45	75	71	75	84	87	103
Cash and Bank Balance	120	128	174	207	123	133	131	121
Others	62	43	67	72	68	141	141	141
Curr. Liability & Prov.	411	343	504	573	532	536	567	590
Account Payables	179	152	309	125	157	120	151	174
Provisions & Others	232	190	195	448	375	416	416	416
Net Current Assets	(46)	16	150	109	113	171	186	229
Appl. of Funds	907	1,129	1,461	1,538	1,750	1,871	1,964	2,079

Financials and Valuation

Ratios								
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)								
EPS	8.2	32.5	89.2	14.8	36.8	15.6	49.4	78.0
Cash EPS	34.0	52.1	112.2	48.4	70.3	52.5	89.4	119.6
BV/Share	152.5	189.3	280.4	273.7	318.3	325.8	371.7	446.3
DPS	2.0	6.5	17.4	3.4	7.3	2.8	3.5	3.5
Payout (%)	11.9	19.8	20.2	19.7	20.2	19.5	7.1	4.5
Valuation (x)								
P/E	18.1	6.9	3.2	37.5	17.8	70.5	20.4	12.9
Cash P/E	8.7	4.3	2.5	13.4	9.3	19.2	11.3	8.4
P/BV	1.9	1.2	1.0	2.4	2.1	3.1	2.7	2.3
EV/Sales	1.5	1.3	0.8	1.3	1.3	1.9	1.6	1.3
EV/EBITDA	10.0	5.3	3.1	11.5	8.3	14.4	9.3	7.1
Dividend Yield (%)	0.7	2.9	6.1	0.5	1.1	0.3	0.3	0.3
Return Ratios (%)								
EBITDA Margins (%)	15.4	25.1	26.6	11.2	16.1	13.6	17.1	19.1
Net Profit Margins (%)	2.7	9.8	14.6	2.1	5.1	2.2	5.9	8.0
RoE	5.5	19.0	38.0	5.3	12.4	4.8	14.2	19.1
RoCE (pre-tax)	6.9	10.2	18.8	5.9	8.6	5.4	9.5	12.6
RoIC (pre-tax)	11.1	12.6	19.8	7.2	10.4	6.4	10.5	13.5
Working Capital Ratios								
Fixed Asset Turnover (x)	0.8	0.8	1.3	1.3	1.2	1.2	1.3	1.5
Asset Turnover (x)	0.6	0.5	0.7	0.8	0.8	0.7	0.8	0.9
Debtor (Days)	27	22	19	17	16	17	17	17
Inventory (Days)	81	84	105	96	88	91	91	91
Creditors(Days)	101	101	76	53	34	35	35	35
Working Capital (Days)	8	5	48	60	69	73	73	73
Leverage Ratio (x)								
Current Ratio	0.9	1.0	1.3	1.2	1.2	1.3	1.3	1.4
Interest Cover Ratio	1.6	3.9	6.6	1.6	2.5	1.6	2.8	3.9
Debt/Equity	1.1	1.1	0.8	0.9	0.9	1.0	0.9	0.7
Cash flow statement (consolidated) - INR b								
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
EBITDA	112	200	390	185	282	229	351	456
Non cash exp. (income)	16	13	(73)	31	(136)	(7)	(17)	(52)
(Inc)/Dec in Wkg. Cap.	(12)	(19)	(54)	(6)	(28)	(20)	(52)	(82)
Tax Paid	11	(5)	(1)	23	2	6	-	-
CF from Op. Activity	128	188	263	233	121	209	283	322
(Inc)/Dec in FA + CWIP	(127)	(176)	(106)	(151)	(202)	(266)	(175)	(175)
(Pur)/sale of Invest.	1	(3)	(1)	0	36	63	-	-
Acquisition in subs.	-	-	-	-	-	-	-	-
Int. & Dividend Income	5	6	6	11	9	7	8	10
Others	(75)	74	(59)	33	10	26	-	-
CF from Inv. Activity	(196)	(98)	(160)	(107)	(146)	(170)	(167)	(165)
Equity raised/(repaid)	0	0	-	-	-	-	-	-
Debt raised/(repaid)	111	33	(80)	51	39	91	(20)	(66)
Dividend (incl. tax)	(47)	(43)	(51)	(69)	(81)	(88)	(89)	(92)
Interest paid	(12)	(5)	(16)	(42)	(8)	(5)	(9)	(9)
Other financing	-	-	-	-	-	-	-	-
CF from Fin. Activity	52	(14)	(147)	(60)	(50)	(3)	(117)	(167)
(Inc)/Dec in Cash	(16)	76	(44)	66	(76)	36	(1)	(10)
Add: opening Balance	56	40	119	88	154	80	117	115
Regrouping / transaction Adj.	(0)	4	12	(0)	2	(0)	-	-
Closing cash balance	40	119	88	154	80	117	115	105
Bank Balance	80	9	86	53	43	16	16	16
Closing Balance (incl. bank balance)	120	128	174	207	123	133	131	121

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Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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