

BSE SENSEX

82,634

S&P CNX

25,212



#### Stock Info

Bloomberg	JSTL IN
Equity Shares (m)	2445
M.Cap.(INRb)/(USD\$)	2518.3 / 29.3
52-Week Range (INR)	1075 / 854
1, 6, 12 Rel. Per (%)	2/5/8
12M Avg Val (INR M)	2062
Free float (%)	55.2

#### Financials Snapshot (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	1,688	1,864	2,144
EBITDA	229	341	424
Adj. PAT	38	119	181
EPS Gr. (%)	-57.7	212.6	52.5
BV/Sh. (INR)	326	371	442

#### Ratios

Net D:E	1.0	0.9	0.7
RoE (%)	4.8	14.0	18.3
RoCE (%)	5.4	9.5	12.0
Payout (%)	19.5	7.2	4.7

#### Valuations

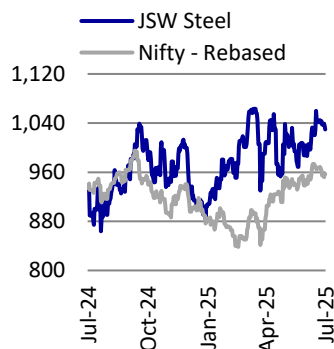
P/E (x)	71.8	21.1	13.9
P/BV (x)	3.2	2.8	2.3
EV/EBITDA(x)	14.6	9.7	7.6
Div. Yield (%)	0.3	0.3	0.3

#### 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

#### Stock Performance (1-year)



**CMP: INR1030**

**TP: INR1180 (+15%)**

**Buy**

## Favorable macros to revive margins; long-term outlook remains robust

### Driving volume growth through strategic capacity expansion

- JSTL is investing INR600b over the next three years to enhance steelmaking and downstream capacities, operational efficiency, and raw material resources.
- By Sep'27, Phase-I expansion will increase JSTL's domestic crude steel capacity by 17% to 41.9mtpa. This phase includes major projects like Vijayanagar, BPSL and Dolvi.
- As of now, the 5mtpa JVML expansion has been completed, taking its total India capacity to 34mtpa. Further, a 7mtpa expansion is underway (2mtpa Vijayanagar + 5mtpa Dolvi) and is targeted to be commissioned by Sep'27. Several debottlenecking projects are also planned (BPSL 0.5mtpa + Salem 0.2mtpa), which will altogether increase the capacity to 42mtpa by Sep'27.
- Additionally, Phase-II expansion (awaiting board approval) could increase the company's total domestic capacity to 50mtpa by FY31.
- The ramp-up of newly added capacity will support ~10% volume CAGR over FY26-27E and will drive robust volume growth in the long run, with timely commissioning at steady intervals.

### Cost leadership via resource optimization and raw material security

- JSTL focuses on reducing costs by enhancing raw material integration, logistics efficiency and higher renewable energy (RE) share.
- It currently meets ~37% of its iron ore needs via captive mines, which JSTL aims to increase to 50% by FY26 through expansions in Karnataka, Odisha, and Goa. On the coking coal front, JSW has secured domestic coal mines and overseas assets (like Illawarra and Mozambique) to reduce import dependency.
- Additionally, JSTL is building infrastructure like slurry pipelines, captive ports, and rail enhancements to cut freight costs.
- The company is also aggressively integrating RE, with 996 MW commissioned under Phase I and another 1,470 MW planned by FY27, to lower power costs and carbon footprint.

### Premiumization through VASP portfolio enhancement

- To improve margins and diversify product portfolio, JSTL is expanding its high-margin value-added special product (VASP) segment, which comprised 62% of sales (excl. JVML) in FY25, with 100 new product grades introduced.
- The company is investing in new lines, including a 0.4mtpa automotive-grade CGL line at Vijayanagar and a CRGO JV with JFE.
- JSTL has downstream capacity of 13.5mtpa in India, supplying to auto, infra, and RE sectors. In the long run, JSTL aims to maintain over 50% share of VASP in its product mix, grow into new segments like defense and railways, and continue to strengthen its position in solar and wind applications.

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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](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

### Valuation and view

- JSTL's EBITDA moderated to INR8,659/t in FY25 (from INR11,395/t in FY24), primarily due to the weak NSR caused by higher cheap imports in India. However, the muted input cost (especially coking coal) partially offset the impact.
- Going forward, we estimate double-digit revenue growth in FY26/FY27, driven by the ramp-up of new capacity and price recovery. Further, as input costs are expected to remain soft, we believe EBITDA margin would rebound to 18-19% in FY26/FY27 (~INR12,000/t in FY26E and ~INR13,500/t in FY27E) on account of domestic steel price recovery led by safeguard duty.
- Strong margins will enable JSTL to generate CFO of INR620b, which can be utilized to fund the expansion plans of INR350b (INR150-200b each) over FY26-27E and any potential deleveraging efforts. JSTL's net debt-to-EBITDA ratio declined to 3.34x as of 4QFY25, which we expect to decline to 1.7x by FY27E, supported by robust operating profit.

**At CMP, JSTL trades at 7.6x FY27E EV/EBITDA. We reiterate our BUY rating on the stock with a TP of INR1,180 (premised on 8.5x EV/EBITDA on FY27 estimate).**

## Leadership Takeaways from Annual Report



### Mr. Sajjan Jindal

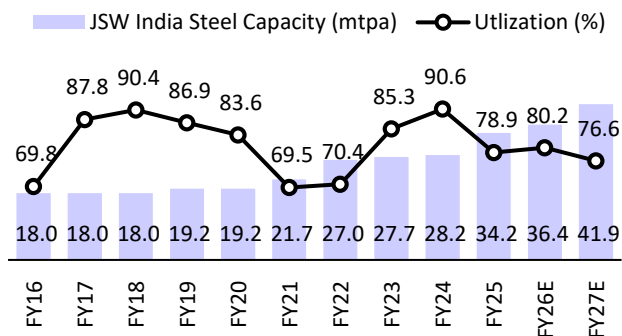
Chairman & Managing Director



- ✓ “India’s steel consumption grew 11.5% YoY to reach 152mt in FY25 and the GOI’s strong push for infra development will continue in FY26 with a planned outlay of INR11.2t. Further, the growth in manufacturing, defense, energy and real estate construction is expected to keep steel demand robust.”
- ✓ “JSW Steel has been steadily growing with India and is now the country’s largest steelmaker with domestic capacity of 34.2MTPA and are well-placed to pursue value-accretive growth with a domestic capacity target of 50MTPA by FY31.”
- ✓ “Amidst this strong steel demand growth in India but a fairly challenging global environment, Company have achieved highest ever production and sales volumes in FY25. Further, the recently commissioned 5MTPA capacity at JVML in Vijayanagar is ramping up well, along with the 1MTPA expansion at BPSL completed in FY25 will drive higher production and sales in FY26.”
- ✓ “JSW Steel today has a portfolio of 23 iron ore deposits with ~1.6bt of resources in India. Of the total, 12 are already operationalized and the rest are at various stages of development.”
- ✓ “At JSW Steel, company is focused on growing value-added and special products (VASP) portfolio, with wider and specialized applications across end-user industries. During FY25, ~62% of the sales volumes were in the form of VASP. Company have added alloy steel capacity at BPSL, a color-coated steel plant in Jammu & Kashmir, and augmented Anjar plate mill with a Mulpic cooling system to enhance product quality.”
- ✓ “JSTL have commissioned ~1GW of renewable energy (RE) capacity, along with an additional 1.5GW approved for development. RE has the twin benefit of decarbonizing steel production as well as reducing power costs.”
- ✓ “To diversify its global coking coal sourcing, company have acquired 20% effective stake in Illawarra high-grade coking coal mines in Australia. Also, announced the acquisition of Minas de Revuboe, which hosts a large untapped reserve of coking coal in Mozambique. These assets will significantly strengthen its long-term access to high-quality coking coal.”

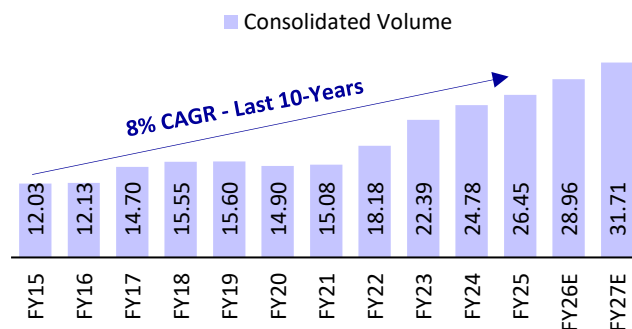
## Story in Charts

**Exhibit 1: Steady capacity addition will maintain headroom**



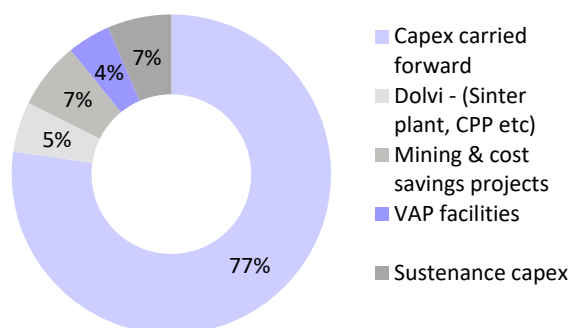
Source: MOFSL, Company

**Exhibit 2: Sales volumes expected to hit ~30mt by FY26E**



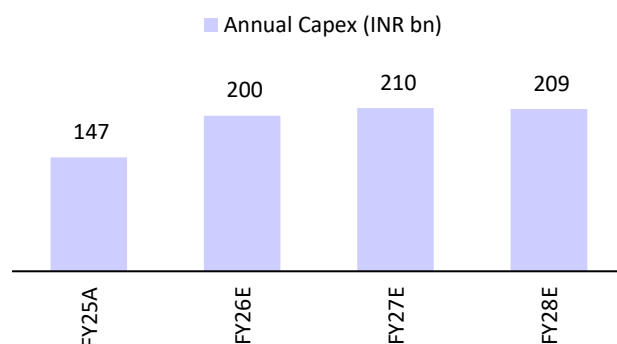
Source: MOFSL, Company

**Exhibit 3: ~96% of capex (FY26-28E) for India operations**



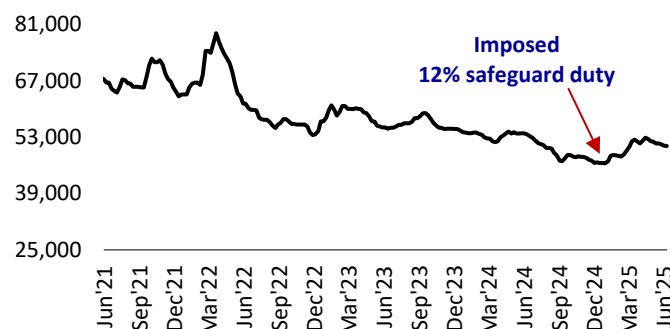
Source: MOFSL, Company

**Exhibit 4: JSTL annual capex guidance**



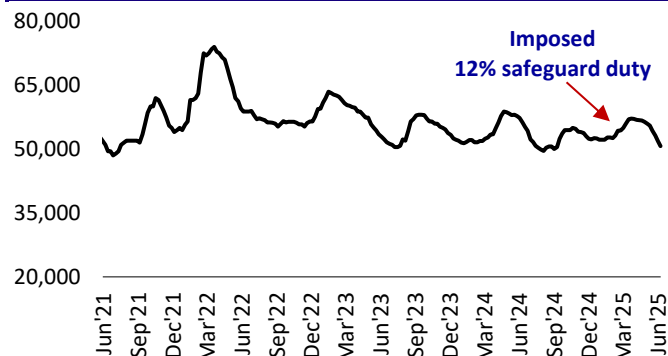
Source: MOFSL, Company

**Exhibit 5: Domestic HRC prices rebound to INR52,000/t**



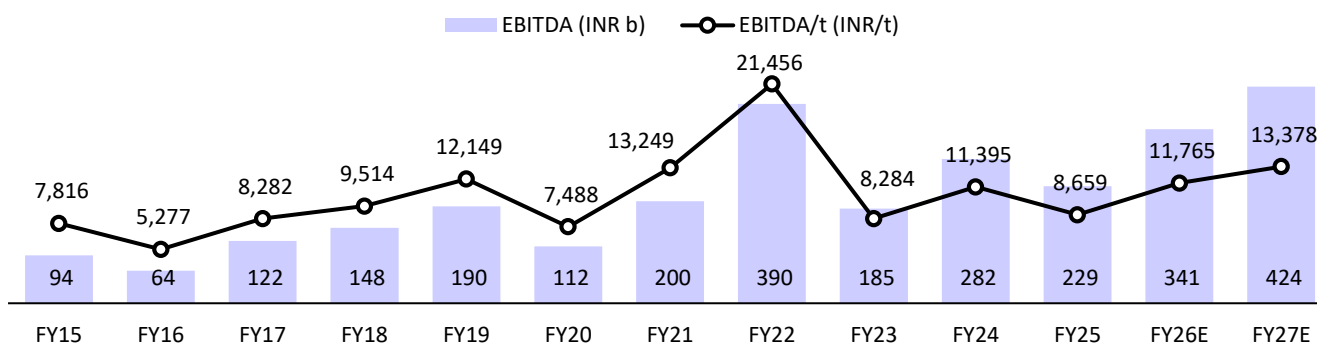
Source: MOFSL, BigMint

**Exhibit 6: Rebar prices correct amid seasonal weakness**



Source: MOFSL, BigMint

**Exhibit 7: Consol. EBITDA/t is expected to rebound to INR12,000-13,500/t in FY26/27E**



Source: MOFSL, Company

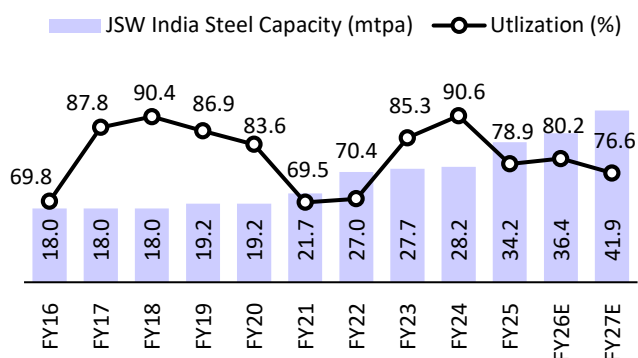
## Three key growth strategy

- ✓ Driving volume growth through strategic capacity expansion
- ✓ Cost leadership via resource optimization and improved raw material security
- ✓ Premiumization through value-added product portfolio enhancement

### Driving volume growth through strategic capacity expansion

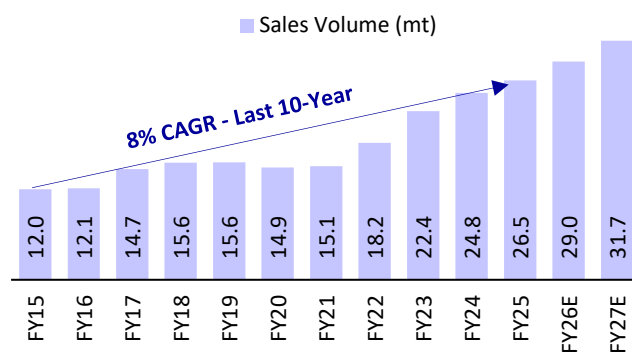
To ensure long-term growth, operational excellence and market leadership, JSTL is undertaking a capex plan of INR600b for the next three years. This capital allocation will focus on augmenting steelmaking/downstream capacities, efficiency projects, raw material security and de-carbonization initiatives. After the Phase-I expansion, JSTL's domestic steelmaking capacity will increase by 17% to 41.9mtpa by Sep'27, providing a significant production room for stable volume growth. Additionally, the ramp-up of recently commissioned capacities (5mtpa JVML and 1mtpa BPSL) will support 10% CAGR volume over FY26-27E. Further, the timely commissioning of expansion projects at regular intervals should continue to drive robust volume growth for JSTL in the long run.

**Exhibit 8: Steady capacity addition will maintain headroom**



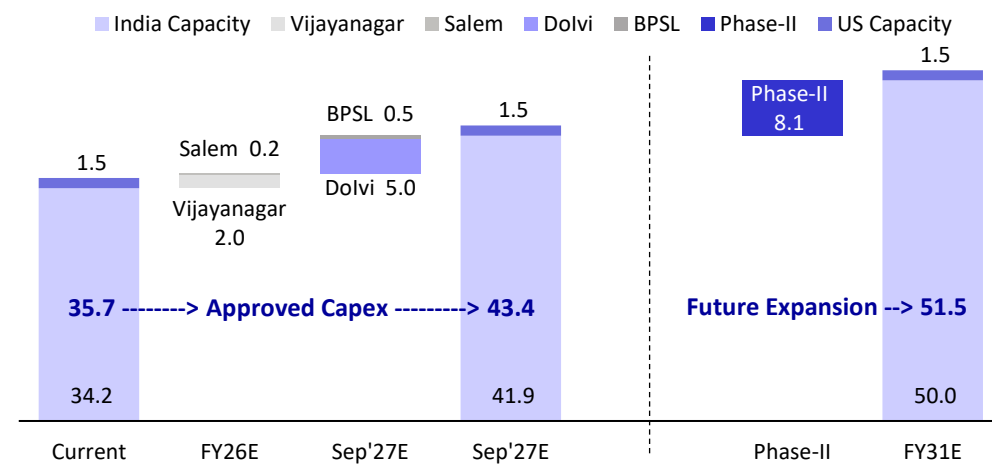
Source: MOFSL, Company

**Exhibit 9: Sales volumes expected to hit ~30mt by FY26E**



Source: MOFSL, Company

**Exhibit 10: JSTL capacity expansion plan in near to long term**



Note: Phase-II expansion is subject to board approval.

Source: MOFSL, Company

**Exhibit 11: Existing manufacturing facilities**

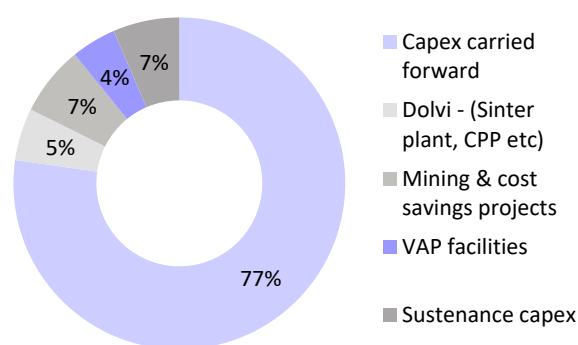
Facility	Location	Category	Capacity	Product Offerings
<b>DRI/HBI Capacities</b>				
Salav Works	Maharashtra	Green Steel (DRI)	0.90 MTPA	DRI/HBI
<b>Crude Steel Capacity</b>				
Vijayanagar	Karnataka	Integrated Steel Plant	17.50 MTPA	HR, CR, GI/GL, Colour Coated, Wire Rods, TMT
Dolvi	Maharashtra	Integrated Steel Plant	10.00 MTPA	HR Coils, TMT, long and flat products
Salem	Tamil Nadu	Long Products Plant	1.00 MTPA	Wire Rods, Alloy Long Products, Billets/Blooms
Raigarh	Chhattisgarh	Specialty Steel	0.95 MTPA	Rebars, Alloy Steel, Slabs, Billets
BPSL, Jharsuguda	Odisha	Integrated Steel Plant	4.50 MTPA	HR, CR, GI/GL, CCP, TMT, Slabs, Billets, Precision Tubes
Mivaan Steels, Raipur	Chhattisgarh	Mini Mill	0.25 MTPA	Billets, Ferro Alloys, Structural Steel
<b>Downstream Capacity</b>				
Vasind	Maharashtra	Downstream	2.52 MTPA	GI/GL, Colour-Coated Products, CRCA
Tarapur	Maharashtra	Downstream	1.58 MTPA	GI/GL, Colour-Coated, Tin Plate
Kalmeshwar	Maharashtra	Downstream	1.56 MTPA	GI/GL, Colour-Coated
Khopoli	Maharashtra	Downstream	1.06 MTPA	HRPO, GI/GL, Colour-Coated
Dhar Works	MP	Downstream	0.52 MTPA	Pre-painted sheets, Corrugated Sheets
Rajpura	Punjab	Downstream	0.43 MTPA	Tinplate, Colour-Coated
Pulwama	J & K	Downstream	0.12 MTPA	Colour-Coated Products
Neotrex, Vijayanagar	Karnataka	Specialty Steel	0.14 MTPA	LRPC Steel Strands
Anjar	Gujarat	Plate Mill	1.20 MTPA	Steel Plates, Coils
<b>Overseas Capacity</b>				
Mingo Junction, Ohio	United States	Integrated Steel Mill	1.50 MTPA	HR Coils
Mingo Junction, Ohio	United States	Finish / Casting Capacity	3.00 MTPA	Slabs
Baytown, Texas	United States	Downstream	1.20 MTPA	Plates (Heavy)
Baytown, Texas	United States	Downstream	0.55 MTPA	LSAW Pipes
Piombino	Italy	Specialty Rail Mill	0.32 MTPA	Rails
Piombino	Italy	Specialty Steel	0.05 MTPA	Grinding Balls

Source: MOFSL, Company

**Key project updates**
**Vijayanagar expansion:**

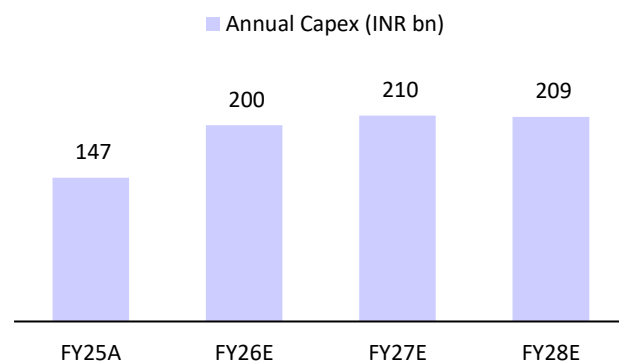
- The 5MTPA integrated steelmaking project at JVML, Vijayanagar, is nearing completion. During FY25, JVML has successfully commissioned a 4.5mtpa BF, which is currently operating at +90% of capacity utilization. JVML has also commissioned a steel-melt shop (SMS) with a capacity of 3.3mtpa, with one converter and both casters fully operational. The second converter is expected to be commissioned in 2QFY26.
- The other allied facilities, such as like the raw material handling system (RHMS), sinter plant, lime calcination plant and the other material handling facilities, have been commissioned in 3QFY25.
- The Coke Oven project comprising 4 x 0.75mtpa batteries is advancing well – three batteries are commissioned and the last one is expected by FY26 end.
- The upgrade of BF-3 at Vijayanagar will increase its capacity to 4.5mtpa from the existing 3mtpa by 4QFY26.

**Exhibit 12: ~96% of capex (FY26-28E) for India operations**



Source: MOFSL, Company

**Exhibit 13: JSTL annual capex guidance**



Source: MOFSL, Company

#### **Dolvi Phase-III expansion:**

- The Dolvi Phase-III expansion will expand the capacity to 15mtpa from 10mtpa. It includes BF (4.8mtpa), SMS (5mtpa) and hybrid continuous strip mill to produce plates and coils.
- The project includes 250MW CPP, which will utilize the excess gas available from the BF, reducing the overall power cost of the Dolvi unit.
- Key long lead-time equipment and materials have been ordered, with the Letters of Credit firmly established to ensure seamless procurement and execution. The project is on track for completion by Sep'27.

#### **Bhushan Power & Steel (BPSL) Phase-II:**

- BPSL Phase-II expansion from 3.5mtpa to 4.5mtpa was completed in 2QFY25 and the balance 0.5mtpa is expected to be achieved via debottlenecking by FY27E.
- The project has ramped up well, with BPSL achieving crude steel production of ~1mt in 4QFY25.
- The commissioning of the wire rod mill-2 will enhance the product mix portfolio, enabling BPSL to manufacture alloy wire rods and VASP enhancing EBITDA margins.

#### **Salem expansion:**

- JSTL targets to commission a steel-melting capacity of 0.20mtpa by mid-FY27E. This expansion will take the capacity to 1.2mtpa.

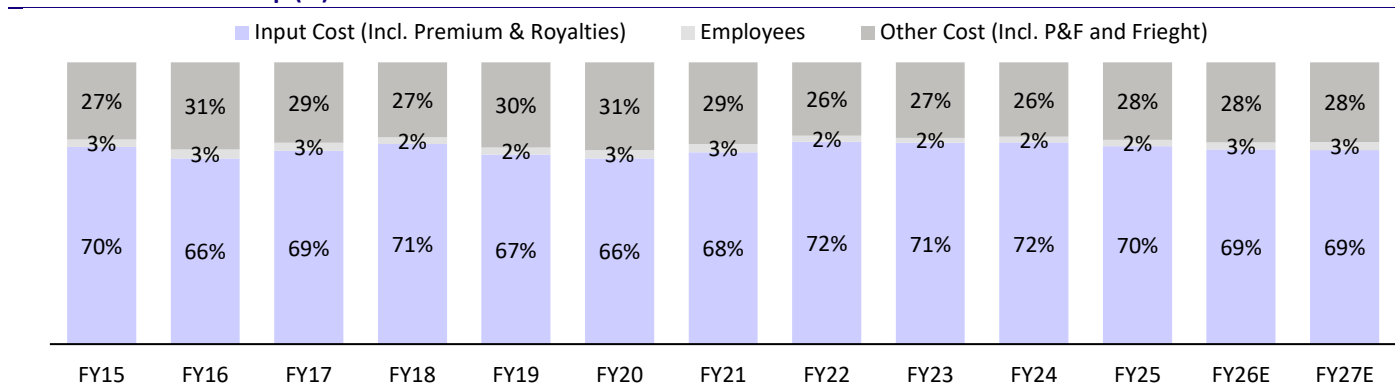
**JSTL plans another 8mtpa expansion in the next phase, which will increase its total domestic steel-melting capacity to 50mtpa, subject to board approval.**



## Cost leadership via resource optimization and improved raw material security

JSTL has implemented a comprehensive cost-reduction strategy to improve profitability and cost competitiveness. This strategy focuses on: a) optimizing raw material sourcing, b) enhancing logistics efficiency, c) integrating RE, and d) improving operational performance. While any immediate benefits from these cost-saving measures may be difficult to comprehend, in the long run it will position JSTL's India operations as a cost leader in the industry.

**Exhibit 14: Cost break-up (%)**



Source: MOFSL, Company

### Optimizing raw material sourcing and security

#### Iron Ore:

- JSTL has secured ~23 iron ore mines, totaling ~1.62bt in reserves. Twelve mines (nine in Karnataka and three in Odisha) are currently operational, which help JSTL to meet 37% (in FY25) of iron ore consumption through captive mines. JSTL plans to ramp up its captive iron ore, which will reduce its dependency on external suppliers and mitigate price fluctuations. JSTL targets captive source to reach ~50%, offsetting the market price volatility.
- JSTL has nine existing mines in Karnataka with EC of ~7mt and is on track to add 4mt, taking the total capacity to 11mt. The company is also allotted three new mines with EC of ~4.5mt, expected to be operational by 1HFY26E.
- The mining operation at Cudnem is expected to start by 1QFY26E and Surla mines by 4QFY26E. The recently acquired Codli mine is projected to commence production by 4QFY27E. JSTL targets to operate three mines in Goa with cumulative production capacity of 3.5mt, which will support Dolvi operations.
- From Odisha mines, the company aims to increase the EC limit to ~30mt cumulatively (vs. 28mt currently). Additionally, BPSL is developing the Nethra Manda iron ore mine, which is expected to begin operations in early FY26E.



**Exhibit 15: Current production capacity (EC Limit) stood at ~35mt (~28mt Odisha + ~7mtpa Karnataka) and target to increase it to ~41mt (~30mt Odisha + ~11mtpa Karnataka) by enhancing EC limit**

Mines	Current Status	Timeline	Est. Capacity (MT)	Key Updates
<b>Karnataka</b>				
Existing 9 Mines	EC expansion planned	Operational	11MT (post-EC)	Increasing ECs to 11mt.
Vyasankere	Under commissioning	Q4 FY25	TBD	Will start by end of FY25.
Jaisinghpura South/North	Under commissioning	Q1 FY26	TBD	Expected to start in early FY26.
<b>Goa</b>				
Cudnem	Under commissioning	Q1 FY26	TBD	Operations to begin in 1QFY26.
Surla	Under commissioning	Q4 FY26	TBD	Expected to start by the 4QFY26.
Codli	Under development	Q4 FY27	TBD	Recently acquired will start later in FY27E.
<b>Odisha</b>				
Ganua	EC expansion planned	Operational	Up to 30MT (post-ECs)	High-quality reserves; EC under process
Nuagaon	EC expansion planned	Operational	Up to 30MT (post-ECs)	High-quality reserves; EC under process
Narayanposhi	EC expansion planned	Operational	Up to 30MT (post-ECs)	High-quality reserves; EC under process
Nethra Manda	Under commissioning	Q1 FY26	TBD	Expected to begin operations in early FY26.
Jajang	Closure plan submitted	Closed (Nov'24)	N/A	Operation closed - uneconomical resource.

Source: Company, MOFSL

**Coking coal:**

- JSTL's portfolio includes three coking coal mines in Jharkhand - Moitra Coal Block (1mtpa), Parbatpur Central Coal Mine (0.9mtpa) and Sitanala Coal Mine (0.3mtpa).
- In addition, JSTL has secured 2.06mtpa of non-regulated sector coking coal (purchased via long-term linkage) and a washery plant, Dugda Coal washery, which comes with a 2mtpa of fuel supply agreement linkage.
- JSTL's raw coal availability from these sources is 6.26mtpa (of which clean coal availability is 3.36mtpa) with an average yield of 54%.
- It has acquired a ~20% stake in Illawarra Coal Holdings Pty Ltd. The primary objective was to secure prime hard coking coal availability for the company. Illawarra Metallurgical Coal owns and operates two metallurgical coal mines in New South Wales, Australia – the Appin and Dendrobium mines are estimated to have an annual combined offtake capacity of ~1.2mtpa.
- On the Mozambique asset, JSTL is in discussions with the government related to the coking coal mine acquisition from MDR and is awaiting further clarity. This acquisition, if finalized, would further reduce JSTL's dependency on imported coking coal and strengthen its raw material security.

**Exhibit 16: Coking coal assets - Strengthening JSTL's coking coal security**

Mine/Asset	Location	Current Status	Timeline	Key Updates
Moitra Mine	India (Jharkhand)	Lease signed (Jan'25)	Q4 FY26	❖ Will enhance JSW's captive coking coal supply
Parbatpur Mine	India (Jharkhand)	Under development	Q4 FY26	❖ Expected to start production along with Moitra
Sitanala Coal Mine	India (Jharkhand)	Under development	FY27-28	❖ Not yet operational — in pre-production phase
Illawarra Mines	Australia	20% stake secured	Apr'25	❖ Offtake will commence, ensuring a stable coal supply
Mozambique Mine	Mozambique	Under negotiation	TBD	❖ Awaiting government approval; ongoing discussions

Source: Company, MOFSL

### Enhancing logistics efficiency via slurry pipelines, port handling capacity and railway logistics

- The company is developing a slurry pipeline network for transporting iron ore from mines to upcoming pellet plants efficiently, reducing its dependency on rail and road transport.
- A 302km slurry pipeline (with 30mtpa capacity) is under construction from Nuagaon Mine to Jagatsinghpur, Odisha, which is being implemented by JSW Infrastructure.
- JSTL is constructing an 8mtpa pellet plant in Jagatsinghpur with proximity to Jatadhar Port, which will further optimize the supply chain. Management also proposed a 13.2mtpa integrated steel plant at Jagatsinghpur.
- The company already uses multiple ports for its operations and plans to increase handling capacity at ports via higher throughput capacity for iron ore, coking coal, and finished steel. Similarly, it plans to expand rail rake fleet by increasing dedicated rail rakes. It is also setting up dedicated railway sidings at plants to leverage DFC and operational/cost efficiency.

### RE Integration to reduce carbon footprint and operational costs

- JSTL is actively integrating RE into its operations to reduce its carbon footprint and support its de-carbonization roadmap.
- As of FY25, the company has installed 782MW of RE capacity (includes 225 MW solar + 557 MW wind power). The company has also entered into a power purchase agreement with subsidiaries of JSW Energy to procure wind and solar power. This includes a mix of off-site wind and solar generation, primarily located in Karnataka, Maharashtra, and Tamil Nadu, supplying power to key operating sites such as Vijayanagar and Dolvi.
- The RE integration plan will be in a phased manner — targeting 996MW in Phase-I and additional 1,470MW in Phase-II.

**Exhibit 17: RE Integration plan to reduce carbon footprint and operational cost**

Phase	Location	Type	Capacity (MW)	Commissioning Status
Phase I	Vijayanagar	Solar	225	❖ 100% commissioned
	Vijayanagar	Wind	600	❖ 75% commissioned, balance by Q2 FY 2025–26
	Vijayanagar	Floating Solar	20	❖ To be commissioned by Q2 FY 2025–26
	Dolvi	Wind	96	❖ 70% commissioned, balance by Q2 FY 2025–26
	Salem	Wind	38	❖ 100% commissioned
	Anjar	Solar + Wind	17 (8+9)	❖ To be commissioned by Q3 FY 2025–26
<b>Total Phase I</b>		—	<b>996</b>	<b>~80% commissioned</b>
Phase II	Vijayanagar	Solar + Wind	600 (200+400)	❖ By December 2026
	Dolvi	Solar + Wind	600 (200+400)	❖ By July 2026
	Salem	Wind	60	❖ By November 2026
	Vasind/Tarapur/Kalmeshwar/Khopoli (Coated)	Solar + Wind	210 (55+155)	❖ By November 2026
<b>Total Phase II</b>		—	<b>1,470</b>	<b>Under development</b>

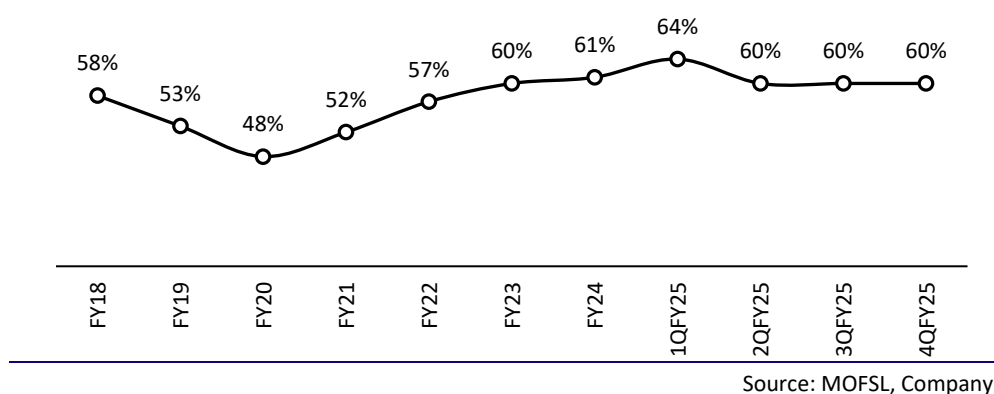
Source: Company, MOFSL

## Premiumization through VASP enhancement

JSTL has strategically deepened its focus on product diversification and value-added steel offerings, aiming to capture premium segments across automotive, RE, infrastructure, and appliance sectors. JSTL has total downstream capacity of 13.5tmta in India, with a wide range of product offerings that cater to diversified end markets across geographies.

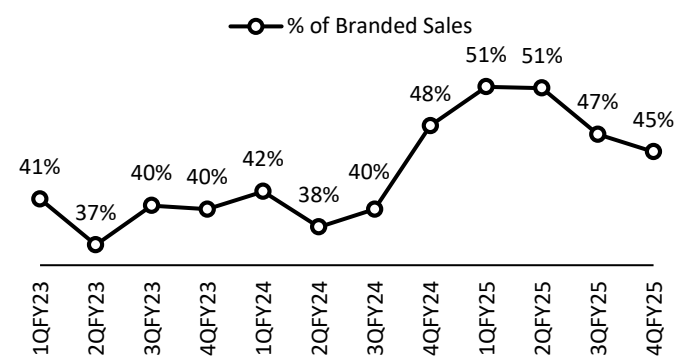
- In FY25, VASP accounted for 62% of total sales (excluding JVML volumes), with 5% YoY growth in VASP volumes. The company introduced 100 new product grades and secured multiple product approvals, further expanding its customized product portfolio. Its flat product category—including hot-rolled, cold-rolled, galvanized, and color-coated steel—contributed 74% of revenue, underscoring its relevance in industrial, engineering, and construction sectors.

**Exhibit 18: VASP share of total sales stood at 60%**



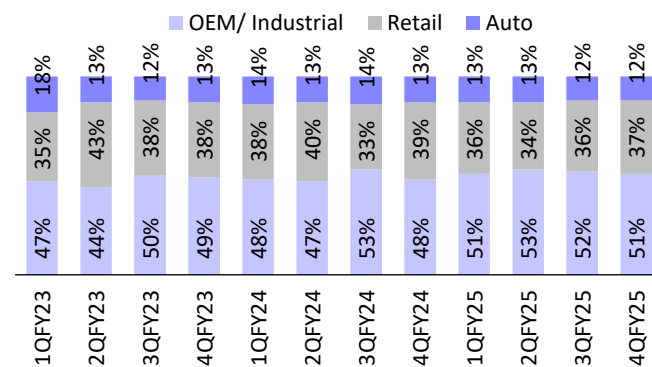
- The company also invested in downstream growth, commissioning a color-coated line of 0.12mta in Jammu & Kashmir in FY25. Low relaxation pre-stressed concrete (LRPC) facilities of 144ktpa were implemented in two phases of 72ktpa each during Dec'22 and Jun'24.
- JSTL's near-term plan is to set up 0.6mta of CR mill complex, pickling line, GI/GL line and zero spangle line in Khopoli, Maharashtra, and 0.4mta high-strength automotive grade CGL line in Vijayanagar, Karnataka. It aims to set up 100ktpa of cold rolled grain oriented (CRGO) facility in Vijayanagar through a joint venture with JFE.
- In the long run, JSTL targets to maintain VASP share at over 50% of the total product portfolio. It is also penetrating into new strategic markets, including defense and railways, while strengthening its presence in existing ones (especially solar and wind energy applications).
- With a steady rise in crude steel capacity, we believe the VASP share to decline in the near term. Management aims to maintain VASP at ~50%, and with the overall volume growing, NSR will lead to premiumization.

**Exhibit 19: Branded product contribution to total retail sales**









Source: MOFSL, Company

**Exhibit 20: Auto share gradually increased to 37%**



Source: MOFSL, Company

**Exhibit 21: New Product Developed by JSTL**

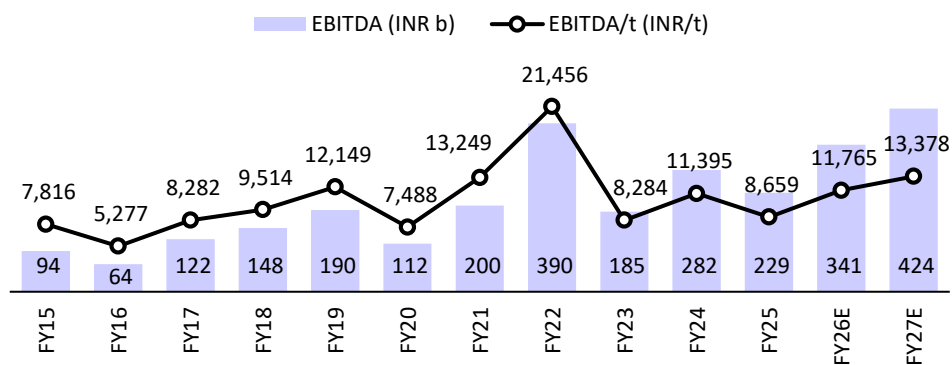
 <p><b>Tubes for 2W Frames (ISC440W – CR)</b> Tubular frames, commonly used in 2-wheelers, are welded to form a strong, lightweight structure that enhances strength and rigidity by effectively distributing impact forces.</p>	 <p><b>Crash Parts: Front Bumper &amp; B-pillar (SPFC780DP – CR)</b> The front bumper absorbs energy in a front-end collision, while the B-pillar, located between the front and rear doors, protects the passenger compartment during side impacts.</p>
 <p><b>HR Plates for Wind Tower (S355J0-S355JR – HR)</b> A critical material for wind tower construction, valued for its strength, durability, and formability, essential in fabricating foundations, towers, and nacelles of wind turbines.</p>	 <p><b>Transmission Gear &amp; Shaft (SAE_8620H – Long &amp; Special Alloy)</b> These are used for transmitting the power from an automobile engine via the drive shaft to the live axle.</p>
 <p><b>Perforated Disc for Gear Couplings (18CrNiMo 7-6 – Long &amp; Special Alloy)</b> A flexible disc, often made of multiple layers of metal, that is used in disc and diaphragm couplings which offer high performance, flexibility, and the ability to handle shaft misalignment.</p>	 <p><b>Flanges (Oil &amp; Gas Industry) (SAE 4150 (M) – Long &amp; Special Alloy)</b> A flange is a flat, rigid metal component used to connect pipes and equipment in piping systems, enabling easy access for maintenance. Flanges are secured with bolts and gaskets to ensure a sealed, reliable connection.</p>

Source: Company, MOFSL

## Favorable macros: Price recovery + muted cost = margin recovery

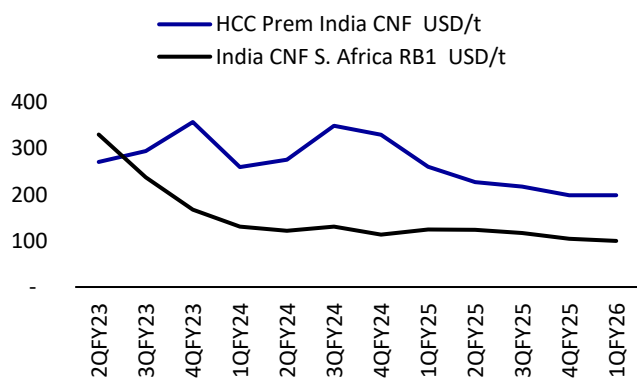
- JSTL's EBITDA moderated to INR8,659/t in FY25 (from INR11,395/t in FY24), primarily due to the weak NSR caused by higher cheap imports in India. However, the muted input cost (especially coking coal) partially offset the impact.
- Going forward, we estimate double-digit revenue growth in FY26/27E, driven by the ramp-up of new capacity and price recovery. Further, as input costs are expected to remain soft, we believe EBITDA margin will rebound to 18-19% in FY26/27E (~INR12,000/t in FY26E and ~INR13,500/t in FY27E) on account of domestic steel price recovery led by safeguard duty.
- Coking coal (premium HCC) prices continued to hover at USD190-200/t, with average prices remaining flat QoQ at USD200/t in 1QFY26.

**Exhibit 22: Consol. EBITDA/t is expected to rebound to INR12,000-13,500/t in FY26/27E**



Source: MOFSL, Company

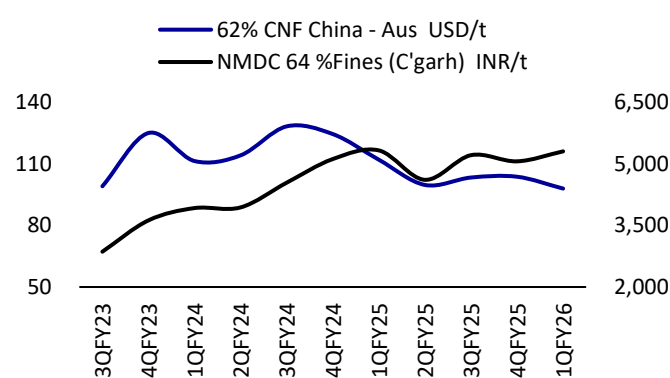
**Exhibit 23: Avg HCC prices remained flat QoQ at USD200/t**



\*Consolidated

Source: MOFSL, BigMint

**Exhibit 24: Imported iron ore prices remained muted QoQ**

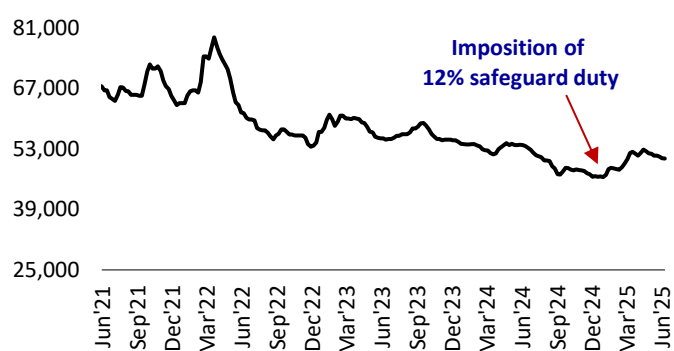


Source: MOFSL, BigMint

- India became a net steel importer during FY25, as India's net import increased from 0.7mt in FY24 to 4.2mt in FY25. This increase in cheap imports kept domestic prices under pressure during FY25.
- To support domestic steel prices and curb cheap imports into India, DGTR had imposed 12% safeguard duty. As a result, India's imports fell by 50% YoY as of Jun'25; however, exports have also declined, primarily due to global supply tightness caused by tariffs/duties and oversupply by China.

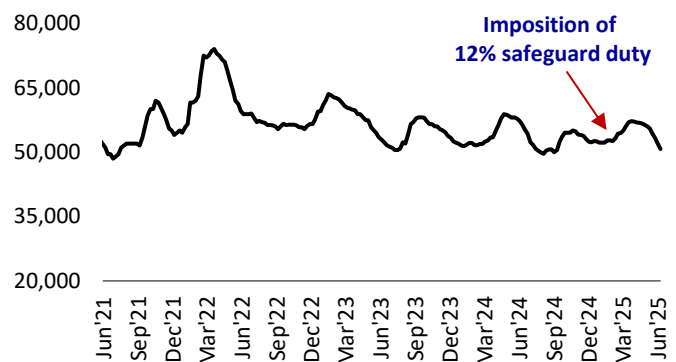
- Global flat prices remained under pressure due to the oversupply from China (USD460/t as of Jun'25) because of weak consumption. While the US tariff tension has become a potential headwind for the industry, the safeguard duty in India is providing a critical support to domestic prices. Average flat prices rose to INR51,700/t in 1QFY26 from INR47,750/t in 3QFY25. Even rebar prices increased from INR51,200/t in 2QFY25 to INR55,350/t in 1QFY26. This price increase, along with muted cost, will boost EBITDA/t by INR1,500-2000/t during the quarter.

**Exhibit 25: Domestic HRC prices rebound to INR52,000/t**



Source: MOFSL, BigMint

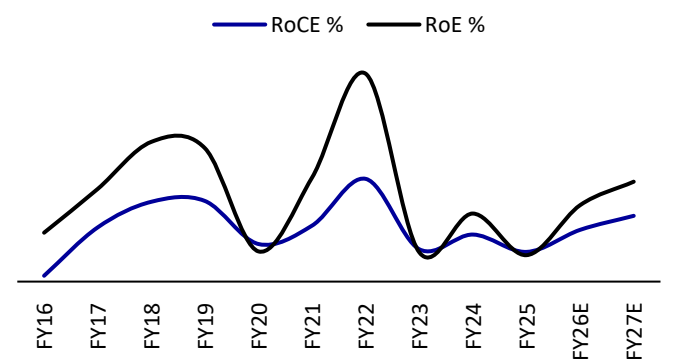
**Exhibit 26: Rebar prices corrected amid seasonal weakness**



Source: MOFSL, BigMint

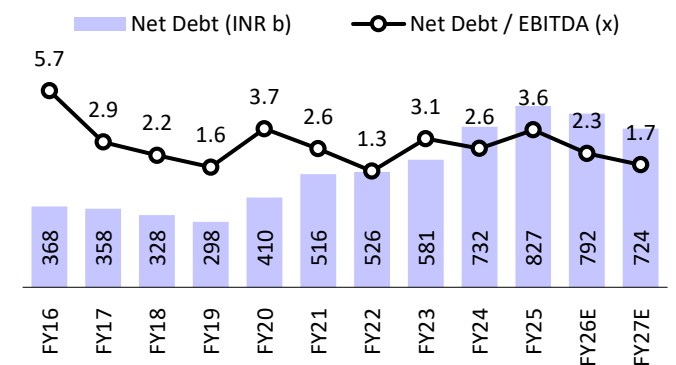
- JSTL's capacity expansion positions it well for long-term growth. With healthy volume growth, better realization and muted input costs, EBITDA will clock a ~36% CAGR over FY26-27E. This will help JSTL generate strong CFO of INR620b, which can be utilized to fund the expansion plans of INR150-200b each in FY26-27E and any deleveraging efforts.
- JSTL's net debt/EBITDA declined to 3.34x as of 4QFY25, which we expect to decline to 1.7x by FY27E, supported by robust operating profit.

**Exhibit 27: ROE (%) and ROCE (%) set to improve in FY26/27E**



Source: MOFSL, Company

**Exhibit 28: Net debt/EBITDA to decline below LTA 2.5x**



Source: MOFSL, Company



## Valuation

While near-term margins were affected by weak NSR, we estimate double-digit revenue growth in FY26E, driven by the ramp-up of new capacity and price recovery. Further, as input costs remain soft, we expect EBITDA to rebound to ~INR12,000/t in FY26E and ~INR13,500/t in FY27E.

Strong margins will enable JSTL to generate CFO of INR620b, which can be utilized to fund the expansion plans of INR350b (INR150-200b each) over FY26-27E and any potential deleveraging efforts.

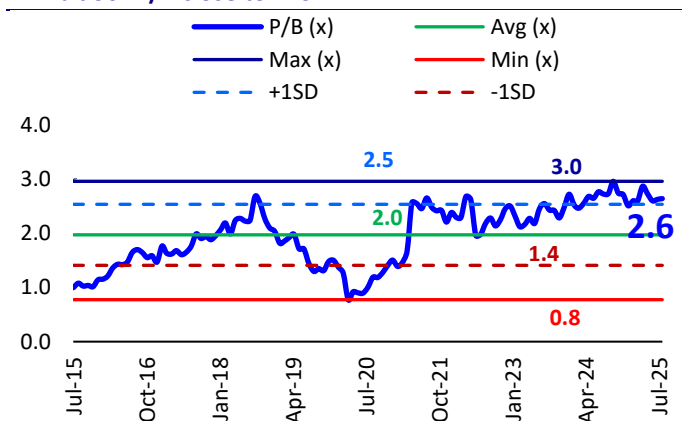
**At CMP, JSTL trades at 7.6x FY27E EV/EBITDA. We maintain our FY26/FY27 estimates and reiterate our BUY rating on the stock with a TP of INR1,180 (premised on 8.5x EV/EBITDA on FY27 estimate).**

### Exhibit 29: TP calculation

Y/E March	FY27E
Consolidated Volumes (mt)	31.7
Net Realization (INR/t)	67,609
EBITDA/t (INR)	13,378
<b>Consolidated EBITDA (INR b)</b>	<b>424</b>
<b>Target EV/EBITDA (x)</b>	<b>8.5</b>
Target EV (INR b)	3,606
less: Net Debt (INR b)	724
Equity value (INR b)	2,882
No. of shares (b)	2.44
<b>Equity value /sh.</b>	<b>1,180</b>

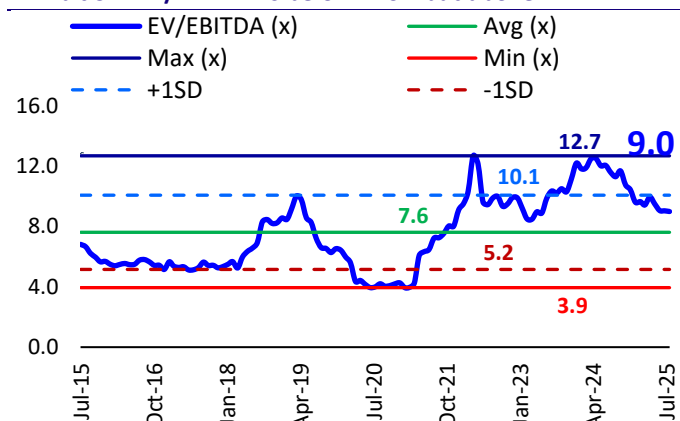
Source: MOFSL

### Exhibit 30: P/B close to +1SD



Source: MOFSL, Company Data

### Exhibit 31: EV/EBITDA is below +1SD but above LTA



Source: MOFSL, Company Data



## Financials and valuations

### Income statement (consolidated)

(INR b)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Net sales</b>	<b>726</b>	<b>796</b>	<b>1,464</b>	<b>1,660</b>	<b>1,750</b>	<b>1,688</b>	<b>1,864</b>	<b>2,144</b>
Change (%)	(14.3)	9.6	83.9	13.4	5.5	(3.5)	10.4	15.0
Total Expenses	615	596	1,074	1,474	1,468	1,459	1,523	1,720
<b>EBITDA</b>	<b>112</b>	<b>200</b>	<b>390</b>	<b>185</b>	<b>282</b>	<b>229</b>	<b>341</b>	<b>424</b>
% of Net Sales	15.4	25.1	26.6	11.2	16.1	13.6	18.3	19.8
Depn. & Amortization	42	47	60	75	82	93	98	102
<b>EBIT</b>	<b>69</b>	<b>153</b>	<b>330</b>	<b>111</b>	<b>201</b>	<b>136</b>	<b>243</b>	<b>323</b>
Net Interest	43	40	50	69	81	84	86	80
Other income	5	6	15	10	10	7	7	9
<b>PBT before EO</b>	<b>32</b>	<b>119</b>	<b>296</b>	<b>52</b>	<b>130</b>	<b>59</b>	<b>165</b>	<b>251</b>
EO income	(21)	(1)	7	(6)	(6)	5	-	-
<b>PBT after EO</b>	<b>53</b>	<b>120</b>	<b>288</b>	<b>58</b>	<b>136</b>	<b>54</b>	<b>165</b>	<b>251</b>
Tax	12	41	88	15	44	16	46	70
Rate (%)	23.7	34.5	30.6	26.2	32.5	29.4	28.0	28.0
<b>PAT before MI and Asso.</b>	<b>40</b>	<b>79</b>	<b>200</b>	<b>43</b>	<b>91</b>	<b>38</b>	<b>119</b>	<b>181</b>
Minority interests	(1)	(0)	3	(0)	2	(0)	-	-
Share of Associates	(1)	0	9	(1)	(2)	(3)	-	-
<b>Reported PAT after MI and Asso.</b>	<b>40</b>	<b>79</b>	<b>207</b>	<b>41</b>	<b>88</b>	<b>35</b>	<b>119</b>	<b>181</b>
<b>Adj. PAT (after MI &amp; Asso)</b>	<b>20</b>	<b>78</b>	<b>214</b>	<b>36</b>	<b>90</b>	<b>38</b>	<b>119</b>	<b>181</b>
Change (%)	(74.2)	297.8	173.3	(83.4)	152.8	(57.7)	212.6	52.5

### Balance sheet

(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	902	1,074
<b>Net Worth</b>	<b>366</b>	<b>456</b>	<b>673</b>	<b>657</b>	<b>777</b>	<b>795</b>	<b>905</b>	<b>1,078</b>
Minority Interest	(6)	(6)	12	13	21	22	22	22
Total Loans	530	644	700	788	856	960	921	833
Deferred Tax Liability	17	35	76	79	97	95	95	95
<b>Capital Employed</b>	<b>907</b>	<b>1,129</b>	<b>1,461</b>	<b>1,538</b>	<b>1,750</b>	<b>1,871</b>	<b>1,943</b>	<b>2,027</b>
Gross Block	764	828	1,231	1,338	1,483	1,683	1,833	1,983
Less: Accum. Deprn.	184	223	282	343	411	495	593	694
<b>Net Fixed Assets</b>	<b>580</b>	<b>605</b>	<b>949</b>	<b>995</b>	<b>1,072</b>	<b>1,188</b>	<b>1,241</b>	<b>1,289</b>
Capital WIP	313	370	219	271	349	267	292	317
Investments	61	138	143	163	215	245	245	245
<b>Curr. Assets</b>	<b>365</b>	<b>359</b>	<b>654</b>	<b>682</b>	<b>645</b>	<b>707</b>	<b>724</b>	<b>748</b>
Inventory	138	142	338	331	378	350	372	404
Account Receivables	45	45	75	71	75	84	83	93
Cash and Bank Balance	120	128	174	207	123	133	129	109
Others	62	43	67	72	68	141	141	141
<b>Curr. Liability &amp; Prov.</b>	<b>411</b>	<b>343</b>	<b>504</b>	<b>573</b>	<b>532</b>	<b>536</b>	<b>558</b>	<b>571</b>
Account Payables	179	152	309	125	157	120	142	155
Provisions & Others	232	190	195	448	375	416	416	416
<b>Net Current Assets</b>	<b>(46)</b>	<b>16</b>	<b>150</b>	<b>109</b>	<b>113</b>	<b>171</b>	<b>166</b>	<b>176</b>
<b>Appl. of Funds</b>	<b>907</b>	<b>1,129</b>	<b>1,461</b>	<b>1,538</b>	<b>1,750</b>	<b>1,871</b>	<b>1,943</b>	<b>2,027</b>

## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>8.2</b>	<b>32.5</b>	<b>89.2</b>	<b>14.8</b>	<b>36.8</b>	<b>15.6</b>	<b>48.6</b>	<b>74.2</b>
Cash EPS	34.0	52.1	112.2	48.4	70.3	52.5	88.7	115.8
BV/Share	152.5	189.3	280.4	273.7	318.3	325.8	370.9	441.6
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	7.2	4.7
<b>Valuation (x)</b>								
P/E	18.1	6.9	3.2	37.5	17.8	71.8	21.1	13.9
Cash P/E	8.7	4.3	2.5	13.4	9.3	19.6	11.6	8.9
P/BV	1.9	1.2	1.0	2.4	2.1	3.2	2.8	2.3
EV/Sales	1.5	1.3	0.8	1.3	1.3	2.0	1.8	1.5
EV/EBITDA	10.0	5.3	3.1	11.5	8.3	14.6	9.7	7.6
Dividend Yield (%)	0.7	2.9	6.1	0.5	1.1	0.3	0.3	0.3
<b>Return Ratios (%)</b>								
EBITDA Margins (%)	15.4	25.1	26.6	11.2	16.1	13.6	18.3	19.8
Net Profit Margins (%)	2.7	9.8	14.6	2.1	5.1	2.2	6.4	8.4
RoE	5.5	19.0	38.0	5.3	12.4	4.8	14.0	18.3
RoCE (pre-tax)	6.9	10.2	18.8	5.9	8.6	5.4	9.5	12.0
RoIC (pre-tax)	11.1	12.6	19.8	7.2	10.4	6.4	10.3	12.7
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	0.8	0.8	1.3	1.3	1.2	1.2	1.2	1.3
Asset Turnover (x)	0.6	0.5	0.7	0.8	0.8	0.7	0.7	0.8
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
<b>Leverage Ratio (x)</b>								
Current Ratio	0.9	1.0	1.3	1.2	1.2	1.3	1.3	1.3
Interest Cover Ratio	1.6	3.9	6.6	1.6	2.5	1.6	2.8	4.0
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	341	424
Non cash exp. (income)	16	13	(73)	31	(136)	(7)	2	(30)
(Inc)/Dec in Wkg. Cap.	(12)	(19)	(54)	(6)	(28)	(20)	(46)	(70)
Tax Paid	11	(5)	(1)	23	2	6	-	-
<b>CF from Op. Activity</b>	<b>128</b>	<b>188</b>	<b>263</b>	<b>233</b>	<b>121</b>	<b>209</b>	<b>296</b>	<b>324</b>
(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	7	9
Others	(75)	74	(59)	33	10	26	-	-
<b>CF from Inv. Activity</b>	<b>(196)</b>	<b>(98)</b>	<b>(160)</b>	<b>(107)</b>	<b>(146)</b>	<b>(170)</b>	<b>(168)</b>	<b>(166)</b>
Equity raised/(repaid)	0	0	-	-	-	-	-	-
Debt raised/(repaid)	111	33	(80)	51	39	91	(38)	(88)
Dividend (incl. tax)	(47)	(43)	(51)	(69)	(81)	(88)	(86)	(80)
Interest paid	(12)	(5)	(16)	(42)	(8)	(5)	(9)	(9)
Other financing	-	-	-	-	-	-	-	-
<b>CF from Fin. Activity</b>	<b>52</b>	<b>(14)</b>	<b>(147)</b>	<b>(60)</b>	<b>(50)</b>	<b>(3)</b>	<b>(132)</b>	<b>(177)</b>
<b>(Inc)/Dec in Cash</b>	<b>(16)</b>	<b>76</b>	<b>(44)</b>	<b>66</b>	<b>(76)</b>	<b>36</b>	<b>(4)</b>	<b>(20)</b>
Add: opening Balance	56	40	119	88	154	80	117	113
Regrouping / transaction Adj.	(0)	4	12	(0)	2	(0)	-	-
Closing cash balance	<b>40</b>	<b>119</b>	<b>88</b>	<b>154</b>	<b>80</b>	<b>117</b>	<b>113</b>	<b>93</b>
Bank Balance	80	9	86	53	43	16	16	16
<b>Closing Balance (incl. bank balance)</b>	<b>120</b>	<b>128</b>	<b>174</b>	<b>207</b>	<b>123</b>	<b>133</b>	<b>129</b>	<b>109</b>

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

## NOTES

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

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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