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FIRST LIGHT

04 December 2025

RESEARCH

JSW STEEL | TARGET: Rs 1,345 | +18% | BUY

Announces Rs158bn JV with JFE Steel for Bhushan Power

SUMMARY

JSW STEEL

- JFE Steel Corp. Japan will acquire 50% stake in Bhushan Power and Steel (BPSL) at Rs158bns in two tranches
- This will result in overall EBITDA reduction to an extent of BPSL EBITDA and will be offset by benefit of gross debt reduction
- Raise rating to BUY from HOLD and TP to Rs1,345 (from Rs1,121) with a multiple of 7.5x Dec'27 EBITDA.

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BUY
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JSW STEEL | Metals & Mining | 04 December 2025

Announces Rs158bn JV with JFE Steel for Bhushan Power

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- **Raise rating to BUY from HOLD and TP to Rs1,345 (from Rs1,121) with a multiple of 7.5x Dec'27 EBITDA.**

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JV with JFE Steel details: JSW Steel has entered into a 50:50 joint venture (JV) partnership with JFE Steel Japan for the business of Bhushan Power and Steel (BPSL). This is being done under 2 steps:

- BPSL's business will be transferred to JSW Sambalpur Steel for a cash consideration of Rs245bn. JSW Sambalpur is 100% held by JSW Kalinga St.., wholly owned subsidiary of Piombino Steel. This is owned 82.7% by JSW Steel and 17.4% by other promoter group entity
- JFE will invest/acquire 50% stake in JSW Kalinga for Rs158bn in two tranches. JV entity is JSW Kalinga.

Transaction benefits: This will strengthen the company's balance sheet and will enable JFE Steel to benefit from the future growth of BPSL asset with an expansion potential from 4.5mnt to 10mnt and benefit of various cost levers.

- Slump sale for Rs245bn include 1st tranche of Rs71bn from JFE. The 2nd tranche will be Rs79bn from JFE is likely to be completed by Sept'2026. JV will issue 65mn shares to JFE Steel. Total equity shares of JSW Steel will increase from 2440mn to 2,510mn
- Overall cash inflow will be to an extent of Rs324bn (sum of Rs245bn and Rs79bn). Further existing debt to an extent of Rs49bn in BPSL will get transferred to the JV. Therefore, total of Rs373bn (sum of Rs324bn & Rs49bn),will be a debt reduction in the balance sheet of JSW Steel

Changes in our estimates: This will result in JV treatment as a share of JV in P&L hence, EBITDA will get reduced to an extent of BPSL EBITDA of 5.7% in FY27E and 11.3% in FY28E. This will be offset through debt reduction of Rs373bn.

BUY with revise TP: We raise rating to BUY from HOLD with revised TP of Rs1,345(from Rs1,121) and a multiple of 7.5x Dec '27 EBITDA, primarily due to the benefit of debt reduction.

Key changes

Target	Rating
▲	▲

Ticker/Price	JSTL IN/Rs 1,144
Market cap	US$ 31.0bn
Free float	55%
3M ADV	US$ 20.3mn
52wk high/low	Rs 1,224/Rs 880
Promoter/FPI/DII	45%/25%/11%

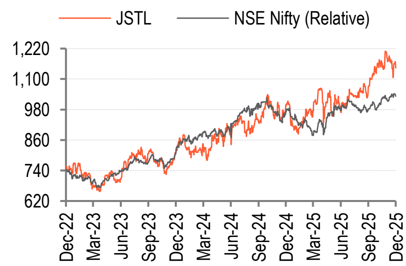
Source: NSE | Price as of 3 Dec 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs bn)	1,688	1,913	2,071
EBITDA (Rs bn)	229	363	413
Adj. net profit (Rs bn)	40	123	159
Adj. EPS (Rs)	16.4	50.6	65.0
Consensus EPS (Rs)	16.4	50.6	65.0
Adj. ROAE (%)	5.1	14.5	16.1
Adj. P/E (x)	69.9	22.6	17.6
EV/EBITDA (x)	15.5	9.4	7.6
Adj. EPS growth (%)	(51.4)	209.0	28.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

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