Dated: 04 December 2025

JSW Steel (JSTL) - ADD

Company Update

Current Market Price (CMP)	Fair Value (FV)
Rs.1,144	**Rs.1,280**

Rationale:

- JSTL has announced a strategic JV deal with JFE Steel Corp., where it would transfer its 87% stake in BPSL to a 50:50 JV between JSTL and JFE.
- The deal values BPSL at an EV of Rs53,100 cr, a significant premium to our Fair Value and results in value accretion of Rs74/share for JSTL.
- The deal would reduce JSTL's net debt by Rs37,300 cr through fund infusion and debt deconsolidation.
- A sharp reduction in leverage will allow JSTL to accelerate its growth plans and reach its 50 mtpa capacity target faster.
- We expect earnings to grow by 30.3% in FY27E & grow by 27.4% in FY28E.
- Stock is currently trading at valuation of 13.3x P/E FY28E EPS.
- We revise our earnings and Fair Value to Rs1,280. Maintain ADD

(EBITDA - Earnings Before Interest, Taxes, Depreciation, and Amortization, CAGR - Compound annual growth rate)

Positives:

- BPSL capacity to be expanded in phases to 10 mtpa by FY31.
- BPSL deal to sharply reduce JSTL's net debt.
- Deal increases growth headroom for JSTL.

Negatives:

- We expect leverage to have peaked for JSTL in FY25.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
RS	–	**Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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