

JSW Steel (JSTL) - ADD

Result Update

Current Market Price (CMP) Rs.1278	Fair Value (FV) Rs.1450
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Rationale:

- JSTL's Q4FY26 consolidated adjusted EBITDA was ahead of our estimates, led by higher realizations.
- India steel margins were at Rs12,286 (+45% qoq) and we expect a further increase in Q1FY27, led by higher prices, partially offset by higher costs.
- The conclusion of the first tranche of the BPSL JV transaction led to significant deleveraging for JSTL in FY26.
- JSTL has announced additional brownfield expansion and is likely to reach 49/62 mtpa capacity by FY30E/32E.
- A strong capacity addition pipeline and efficient execution should support a 10% CAGR in steel sales volumes for JSTL in the next 3-5 years.
- We raise earnings and revise the FV to Rs1,450. Maintain ADD.

👍 Positives:

- JSTL's consolidated adj. EBITDA of Rs9710 cr (+50% yoy, +47% qoq) was ahead of estimates.
- JSTL's EBITDA/ton increased sequentially on higher prices.
- Growth visibility increases after announced JVs with JFE and POSCO.
- Margins to further improve in Q1FY27.
- JSTL's net debt decreased qoq on BPSL deconsolidation.

👎 Negatives:

- International subsidiaries witnessed EBITDA decline on shutdown in Ohio.

(CAGR - Compound Annual Growth Rate, EBITDA - Earnings Before Interest, Taxes, Depreciation, and Amortization, EPS- Earning Per Share,)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months