

SC judgment to hit JSW Steel's production target

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JSW Steel's target to achieve 50 mtpa capacity by FY31 will take a major hit following the Supreme Court judgment quashing the company's acquisition of Bushan Power and Steel.

Located in Odisha's Jharsuguda, BPSL recorded a crude steel production capacity of 3.38 million tonnes (mtpa) in FY25 against its nameplate capacity of 3.5 mtpa.

JSW has envisaged to raise its capacity further to 5 mtpa in bid to capture higher realisations from value-added products such as colour-coated, galvanised sheets, pipes and wires. JSW Steel intends to increase BPSL capacity to 10 mtpa as part of its overall capacity target of 50 mtpa.

FLAGRANT VIOLATION

However, a bench of Justices Bela M Trivedi and Satish Chandra Sharma ruled against JSW takeover of BPSL through the insolvency process and came down heavily on key stakeholders including the resolution professional, the Committee of Creditors and the National Company Law Tribunal, for enabling what it termed a "flagrant violation" of the IBC, and ordered the liquidation of BPSL.

Tanmay Shah, MD of stock broking firm SIHL said the decision to annul BPSL deal will pose a significant chal-



lenge to JSW Steel's strategic objective of achieving 50 mtpa capacity by 2030.

BPSL currently contributes about 12 per cent of JSW Steel's 34 mtpa production.

The ruling also halts JSW Steel's planned scale-up of BPSL's capacity from 3.38 mtpa to 5 mtpa—an initiative closely tied to its regional asset base, including the upcoming Netrabandha iron ore mine, he said.

Financially, the loss could reduce JSW's annual EBITDA by ₹4,000-4,500 crore and lead to potential asset write-downs. While the company, along with its creditors, intends to file review petitions, legal options appear limited given the court's criticism of the transaction structure, said Shah.

In FY25, JSW Steel produced 26.98 mt crude steel, posting a 6 per cent year-on-year rise over 25.55 mt in FY24.

In the December quarter, the company's net profit fell almost three-fold to ₹719 crore from ₹2,450 crore in same period of the preceding financial year.