

HOLD

TP: Rs 1,307 | ▲ 12%

JSW STEEL

| Metals & Mining

| 24 January 2026

Revenue better than expectations on volume growth

- Revenue grew by 10.8%YoY driven by volume growth of 13.9%YoY. Realisation declined by 2.6%YoY
- Pricing environment has improved for Q4FY26, aided by safeguard duty and a seasonally strong period
- Reduce rating to HOLD from BUY. TP revised down to Rs1,307 from Rs1,345 based on 7.8x EV/EBITDA on Dec'27E EBITDA

Sukhwinder Singh
 Research Analyst
 research@bobcaps.in

Revenue above expectations: Revenue came at Rs452bn, (+10.8%YoY, +1.5%QoQ), was 4.4% above our estimates. EBITDA came at Rs64bn (+16.4%YoY, -8.7%QoQ) and was 6.0% below our estimates. Lower-than-expected EBITDA was due to the shutdown of one of the blast furnaces at Vijayanagar during the quarter. Standalone EBITDA/t was Rs7,425 – lower YoY affected by lower volumes and higher cost.

Volumes: Consolidated volumes increased by 13.9%YoY. Domestic industry growth was 4.6%YoY. Standalone volumes came at 5.6mnt, lower by 0.7%YoY owing to the shutdown at Vijayanagar. Domestic utilisation was 85% in Q3FY26 vs 92% in Q2FY26.

Domestic pricing environment & outlook: Realisation (standalone) increased by 0.4%YoY and 1.9%QoQ, helped by value added & other products. Spot HRC prices are at Rs51,000/t. Prices have improved by Rs3,000-3,500/t since Dec'25. Management is positive on the pricing and expects price improvement to sustain in Q4, on the back of a seasonally strong construction period.

Expansion projects: JSW Steel is on track to increase its domestic steel capacity from the current 34.2mnt to 47.4mnt by FY30E. Vijayanagar 5mnt project is fully commissioned and ramped up to rated capacity. It targets 54.5mnt India capacity by FY31E. The Board has approved a 5.0mnt steel project in Odisha with capex of Rs316bn, to be commissioned by FY30E.

Outlook: Performance is likely to sustain given the price improvement and strong demand growth. Going forward, management expects QoQ price benefit in Q4FY26. Management guided for a rise of USD15-20/tonne in coking coal cost in Q4FY26.

Revise rating to HOLD and revise TP: We are positive on the demand and pricing environment. However, considering the 9M performance impacted by shutdown, we reduce rating to HOLD from BUY. TP revised down to Rs1,307 from Rs1,345 based on 7.8x EV/EBITDA on Dec'27E EBITDA

Key changes

Target	Rating
▼	▼

Ticker/Price	JSTL IN/Rs 1,170
Market cap	US\$ 31.1bn
Free float	55%
3M ADV	US\$ 21.3mn
52wk high/low	Rs 1,224/Rs 901
Promoter/FPI/DII	45%/25%/11%

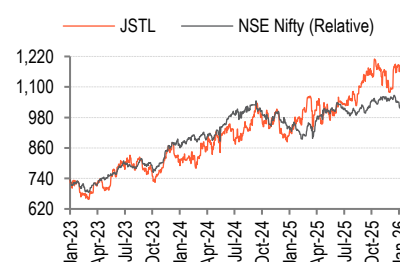
Source: NSE | Price as of 23 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs bn)	1,688	1,929	2,138
EBITDA (Rs bn)	229	293	412
Adj. net profit (Rs bn)	40	99	162
Adj. EPS (Rs)	16.4	40.5	66.3
Consensus EPS (Rs)	16.4	39.0	64.0
Adj. ROAE (%)	5.1	11.8	16.8
Adj. P/E (x)	71.5	28.9	17.7
EV/EBITDA (x)	15.8	11.9	7.9
Adj. EPS growth (%)	(51.4)	147.4	63.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance (Consolidated)

(Rs mn)	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
Revenue	452,190	445,600	1.5	407,930	10.8	1,322,390	1,222,340	8.2
EBITDA	64,960	71,150	(8.7)	55,790	16.4	211,870	165,260	28.2
EBITDA margin (%)	14.37	15.97	(10.0)	13.68	5.0	16.02	13.52	18.5
Depreciation	23,620	25,540	(7.5)	23,360	1.1	74,530	68,120	9.4
Interest	23,040	24,130	(4.5)	21,150	8.9	69,340	63,180	9.7
Other income	2,730	2,840	(3.9)	1,470	85.7	9,070	4,640	95.5
PBT	21,030	24,320	(13.5)	12,750	64.9	77,070	38,600	99.7
Tax	(9,530)	6,980	(236.5)	4,590	(307.6)	6,080	13,570	(55.2)
Reported PAT	21,390	16,230	31.8	7,170	198.3	59,460	20,010	197.2
Exceptional item	(5,290)	0	-	(1,030)	(413.6)	(5,290)	(4,450)	-
Adj PAT	26,680	16,230	64.4	8,200	225.4	64,750	24,460	164.7
Adj. PATM (%)	5.90	3.64		2.01		4.90	2.00	144.7
EPS (Rs)	10.9	6.7	64.4	3.4	225.4	26.5	10.0	164.7

Source: Company

Fig 2 – Q3 Actual vs Estimates

Particulars	Q3 Actual	Estimates	VAR (%)
Revenue (Rs mn)	452,190	432,954	4.4
EBITDA (Rs mn)	64,960	69,125	(6.0)
EBITDA margin (%)	14.4	16.0	
PAT (Rs mn)	40,114	20,820	92.7
EPS (Rs)	16.4	8.5	92.7

Source: Company, BOBCAPS Research

Fig 3 – Consolidated parameters

	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
Steel sales (mn t)	7.6	7.3	4.1	6.7	13.9	21.7	19.0	14.3
Realization (Rs./t)	59,187	60,708	(2.5)	60,794	(2.6)	61,024	64,469	(5.3)
EBITDA (Rs/t)	8,503	9,693	(12.3)	8,314	2.3	9,777	8,716	12.2

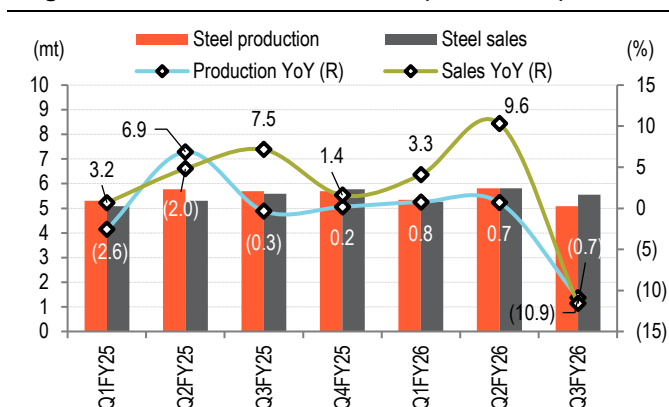
Source: Company

Fig 4 – Standalone parameters

	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
Steel sales (mn t)	5.6	5.8	(4.5)	5.6	(0.7)	16.6	16.0	4.0
Realization (Rs./t)	56,247	55,205	1.9	56,014	0.4	56,569	58,720	(3.7)
EBITDA (Rs/t)	7,425	8,446	(12.1)	7,866	(5.6)	8,792	8,331	5.5

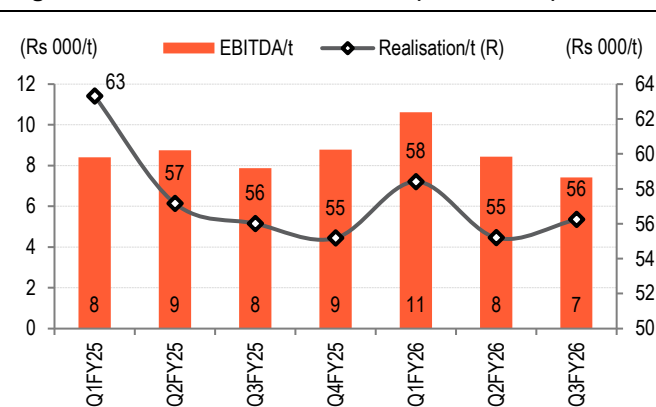
Source: Company

Fig 5 – Production and sales trend (Standalone)



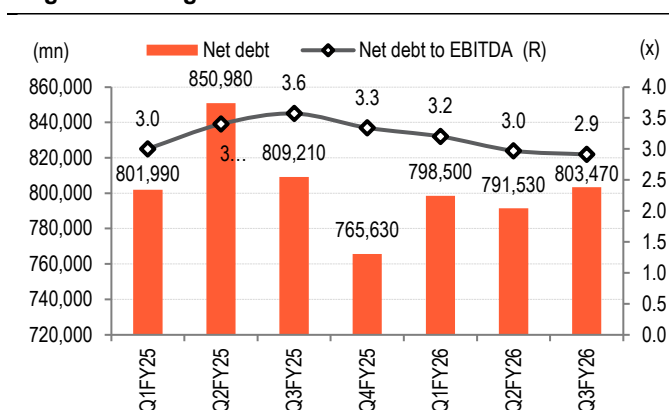
Source: BOBCAPS Research

Fig 6 – Realisation & EBITDA trend (Standalone)



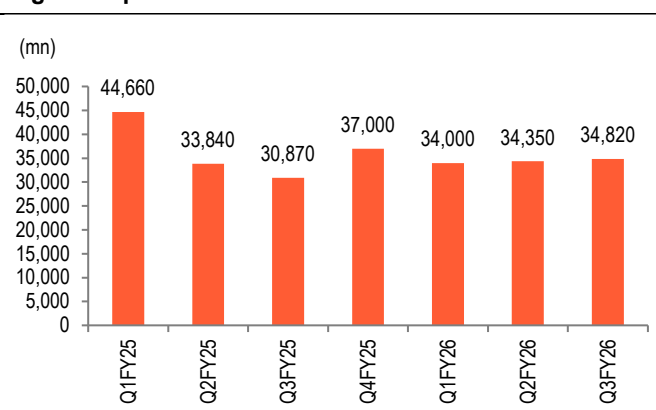
Source: BOBCAPS Research

Fig 7 – Leverage



Source: BOBCAPS Research

Fig 8 – Capex



Concall Highlights

- Volumes:** JSW Steel expects the industry demand to be better in Q4FY26, on the back of demand from key segments like auto, retail and construction. It guided for production volumes of 30.5mnt and sales volumes of 29.2mnt for FY26E. Sales were 21.7mnt in 9MFY26. Exports share was 11% during the quarter and will likely stay around these levels, considering the challenging global conditions pertaining to tariffs. Expects Industry demand at 7.0-9.0% for FY27E
- Industry environment:** Safeguard duty was imposed in Dec'25 with 12% in the 1st year, starting April'26; 11.5% in the 2nd year and 11.0% in the 3rd year. During Q3, domestic steel consumption increased by 4.6%YoY to 40.7mnt and crude steel production was up by 10.0%YoY to 42.5mnt. Steel imports fell by 42.4%YoY and fell by 35.9%QoQ during Q3FY26. 9M consumption grew by 7%YoY.
- Pricing:** Price improved from Dec'25 to an extent of Rs3,000-3,500/t. Management expects prices to sustain, aided by a seasonally strong Q4 period. Safeguard duty has helped reduce imports from the Asian region.
- Cost guidance:** Management expects a rise of USD15-20/tonne in coking coal cost in Q4FY26E. Iron ore cost is expected to stay range-bound.

- Iron ore – Currently, there are 13 mines operational out of 23 mines - 9 in Karnataka, 3 in Odisha and 1 in Goa. With the commissioning of new mines by FY31E, captive will serve 50% of its requirement. Captive iron ore mining usage stood at 32% in the last quarter Q2FY26.
- Coking coal mines – It secured 3 coking coal mines in eastern India, which are expected to start operations in the next 2-3years and produce 3.2-3.5mnt. Further, it has 30% stake in Illawarra metallurgical coal in Australia. This will likely benefit in lowering cost over the medium term. Overall, it will serve 25% of its requirement by FY32E.
- **Capex and capacity additions:**
 - Blast furnace -3 upgradation by 1.5mnt at Vijayanagar – Shutdown and expansion started in end Sept 2025; expected to be commissioned by end of Q4FY26
 - Dolvi Ph-III expansion of 5.0mnt from 10.0 to 15.0mnt is in progress. Expansion of 5mnt at Dolvi to be commissioned by Sept'27 with long lead items having been ordered.
 - The company plans to take the India capacity from 34.2mnt to 47.4mnt by FY30E and 54.5mnt by FY31E.
 - It incurred a capex of 34,320mn in Q3 and Rs100,180mn in 9MFY26. Management guided a capex of Rs150,000mn-160,000mn for FY26E.
- **Greenfield integrated steel project:** The Board has approved a 5.0mnt steel project in Odisha with capex of Rs316bn, to be commissioned by FY30E This is the Phase-I with expansion potential to 13.2mnt . Construction of slurry pipeline to transfer iron ore from mines to this plant is in progress and target to be commissioned by Q4FY27E
- **Net debt:** Consolidated net debt (reported) increased to Rs803bn from Rs792bn in Sept'25. Net debt was Rs766bn in Mar'25. Net D/E stood at 0.9x and Net D/EBITDA at 3x

Valuation Methodology

We are positive on the demand environment and pricing. Ramp-up in future projects will lead to incremental volumes and JSW Steel is well positioned to take advantage of industry demand momentum.

Changes in assumptions considers 9M performance and the impact of shutdown in one of the blast furnaces at Vijayanagar. Numbers are revised down primarily for FY26E. Thus, growth trajectory remains intact.

Changes in assumptions:

- Volumes – Estimate 6.5% standalone volumes growth vs earlier 12% in FY26; 8.5% vs earlier 6.0% for FY27E; 9.5% growth vs earlier 8.0% for FY28E. Standalone volume growth 9MFY26 is 4.0%
- Pricing kept unchanged at 2.5% FY27E and revised to 2.5% vs earlier 2.0% for FY28E.
- USD-INR assumption was kept unchanged at Rs90.0 for FY26E; revised to Rs91.0 vs earlier Rs90.0 for FY27E and revised to Rs91.0 vs earlier Rs90.0 for FY28E.

Fig 9 – Revision in estimates

(Rs mn)	Actual	New			Old			Change (%)		
	FY25A	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	1,688,240	1,928,774	2,138,306	2,386,318	1,913,176	2,071,405	2,266,983	0.8	3.2	5.3
EBITDA	229,040	292,914	412,353	451,946	363,170	413,174	485,218	(19.3)	(0.2)	(6.9)
EBITDA % margin	13.6	15.2	19.3	18.9	19.0	20.1	19.5			
PAT	35,040	98,800	161,684	183,929	123,388	158,543	205,304	(19.9)	2.0	(10.4)
EPS (Rs)	14.4	40	66	75	51	65	84	(19.9)	2.0	(10.4)

Source: Company, BOBCAPS Research

Fig 10 – Key assumptions

	FY24	FY25	FY26E	FY27E	FY28E
Standalone					
Sales volumes (mn t)	21.2	21.7	23.2	25.1	27.5
Realization (Rs/t)	63,704	58,741	59,328	60,811	62,331
% growth yoy					
Volumes	7.9	2.5	6.5	8.5	9.5
Realization	(4.8)	(7.8)	1.0	2.5	2.5
EBITDA/t (Rs)	10,358	8,455	9,975	13,701	13,729
USD-INR	85.0	87.0	90.0	91.0	91.0

Source: Company, BOBCAPS Research

EV/EBITDA-based Valuation Rationale

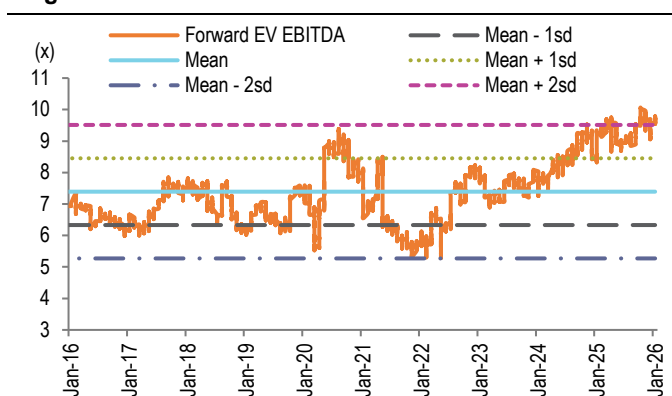
Considering the 9M performance impacted by shutdown, we reduce rating to HOLD from BUY. TP revised down to Rs1,307 from Rs1,345 based on 7.8x EV/EBITDA on Dec'27 EBITDA. We assign a premium to normalized commodity multiple due to its capacity execution capability and volume outperformance over industry growth.

Fig 11 – Valuation summary

Particulars	Dec.27 EBITDA (Rs mn)	Multiple	Value (Rs mn)	Rs/share
JSW Steel	442,048	7.80	3,447,975	1,374
Less - Net debt			371,677	148
CWIP			204,780	82
Target price				1,307

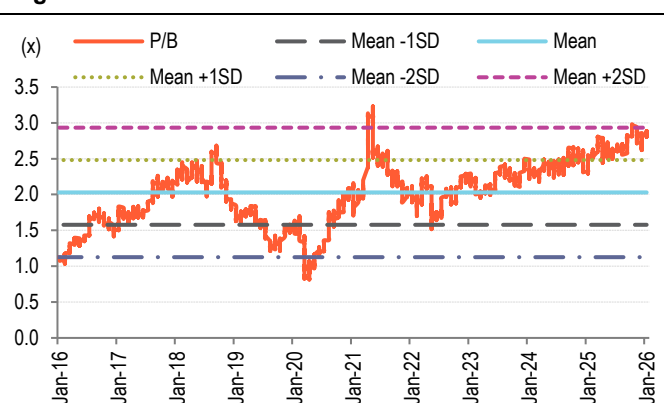
Source: Company, BOBCAPS Research

Fig 12 – EV/EBITDA 1YF



Source: BOBCAPS Research, Bloomberg

Fig 13 – P/B 1YF



Source: BOBCAPS Research, Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs bn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	1,750	1,688	1,929	2,138	2,386
EBITDA	282	229	293	412	452
Depreciation	(82)	(93)	(106)	(115)	(127)
EBIT	201	136	187	297	325
Net interest inc./(exp.)	(81)	(84)	(78)	(76)	(71)
Other inc./(exp.)	10	7	7	7	7
Exceptional items	6	(5)	0	0	0
EBT	136	54	116	229	261
Income taxes	(44)	(16)	(14)	(71)	(81)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(2)	(3)	(3)	4	4
Reported net profit	88	35	99	162	184
Adjustments	(6)	5	0	0	0
Adjusted net profit	82	40	99	162	184

Balance Sheet

Y/E 31 Mar (Rs bn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	157	120	137	152	170
Other current liabilities	317	343	343	343	343
Provisions	4	3	3	3	3
Debt funds	856	960	911	911	861
Other liabilities	150	165	165	165	165
Equity capital	3	3	3	3	3
Reserves & surplus	774	792	883	1,037	1,212
Shareholders' fund	798	817	908	1,062	1,237
Total liab. and equities	2,282	2,407	2,467	2,636	2,778
Cash and cash eq.	123	133	381	539	595
Accounts receivables	75	84	91	95	99
Inventories	378	350	405	454	514
Other current assets	68	83	83	83	83
Investments	74	96	96	96	96
Net fixed assets	1,051	1,168	918	875	898
CWIP	292	205	205	205	205
Intangible assets	66	68	68	68	68
Deferred tax assets, net	0	0	0	0	0
Other assets	228	259	259	259	259
Total assets	2,282	2,407	2,467	2,636	2,778

Cash Flows

Y/E 31 Mar (Rs bn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	172	207	241	310	332
Capital expenditures	(231)	(126)	144	(71)	(150)
Change in investments	(25)	(80)	0	0	0
Other investing cash flows	(28)	(9)	0	0	0
Cash flow from investing	(284)	(215)	144	(71)	(150)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	67	104	(49)	0	(50)
Interest expenses	(81)	(84)	(78)	(76)	(71)
Dividends paid	18	7	7	8	9
Other financing cash flows	24	(9)	(18)	(12)	(13)
Cash flow from financing	28	17	(138)	(80)	(126)
Chg in cash & cash eq.	(84)	9	248	158	56
Closing cash & cash eq.	123	133	381	539	595

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	36.1	14.4	40.5	66.3	75.4
Adjusted EPS	33.7	16.4	40.5	66.3	75.4
Dividend per share	7.3	2.8	3.1	3.3	3.6
Book value per share	318.3	325.8	363.2	426.2	498.1

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	2.0	2.1	1.8	1.5	1.3
EV/EBITDA	12.5	15.8	11.9	7.9	6.9
Adjusted P/E	34.7	71.5	28.9	17.7	15.5
P/BV	3.7	3.6	3.2	2.7	2.3

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	63.4	67.9	85.3	70.6	70.5
Interest burden (PBT/EBIT)	64.6	43.2	62.0	77.0	80.3
EBIT margin (EBIT/Revenue)	11.5	8.1	9.7	13.9	13.6
Asset turnover (Rev./Avg TA)	79.7	72.0	79.1	83.8	88.2
Leverage (Avg TA/Avg Equity)	3.1	3.0	2.9	2.6	2.4
Adjusted ROAE	11.5	5.1	11.8	16.8	16.3

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	5.5	(3.5)	14.2	10.9	11.6
EBITDA	52.2	(18.9)	27.9	40.8	9.6
Adjusted EPS	131.4	(51.4)	147.4	63.6	13.8
Profitability & Return ratios (%)					
EBITDA margin	16.1	13.6	15.2	19.3	18.9
EBIT margin	11.5	8.1	9.7	13.9	13.6
Adjusted profit margin	4.7	2.4	5.1	7.6	7.7
Adjusted ROAE	11.5	5.1	11.8	16.8	16.3
ROCE	12.5	7.6	9.9	14.8	15.1
Working capital days (days)					
Receivables	16	18	17	16	15
Inventory	79	76	77	78	79
Payables	39	30	31	32	32
Ratios (x)					
Gross asset turnover	0.8	0.7	0.8	0.8	0.9
Current ratio	1.0	1.2	1.6	1.9	2.1
Net interest coverage ratio	2.5	1.6	2.4	3.9	4.6
Adjusted debt/equity	0.9	0.9	0.5	0.3	0.2

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

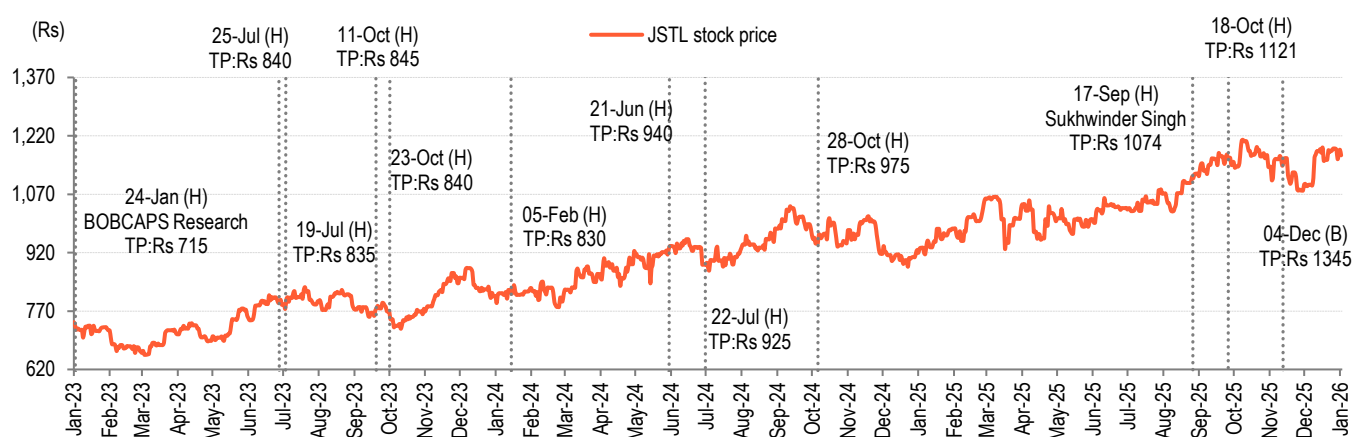
HOLD – Expected return from -6% to +15%

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.

Ratings and Target Price (3-year history): JSW STEEL (JSTL IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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