

**HOLD**  
 TP: Rs 1,348 | ▲ 4%

**JSW STEEL**

| Metals & Mining

| 14 May 2026

### Results better than expectations on volume growth

- Revenue grew by 12.3% YoY, driven by healthy volume growth of 6.4% YoY and improved realizations of 5.5% YoY
- Outlook remains positive, based on strong domestic demand, stable pricing environment, ongoing expansion and cost saving initiatives
- Maintain HOLD, considering improved operational performance; revise TP to Rs1,348 from Rs1,307, based on 7.8x EV/EBITDA on Mar'28E EBITDA

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**Results above expectations:** JSW Steel (JSTL) reported revenue of Rs497bn in Q4FY26, (+12.3% YoY and +10.1% QoQ), and 1.6% above our estimates. EBITDA stood at Rs86bn, (+35.4% YoY and +32.9% QoQ) and was 14.8% above our estimates. The better-than-expected performance was primarily driven by stronger-than-expected volumes during the quarter.

**Volumes:** Consolidated sales volumes increased by 6.4% YoY, compared with domestic industry growth of 11.0% YoY. Domestic capacity utilisation stood at 87% in Q4FY26 versus 93% in Q4FY25 and 85% in Q3FY26. For FY26, consolidated sales volumes grew 12.0% YoY to 29.1mnt.

**Domestic pricing:** Realisations increased by 5.5% YoY and 5.6% QoQ, supported by a higher share of value-added and downstream products. Spot HRC prices currently stand at ~Rs54,000/t and have improved by ~Rs5,000/t since Dec'25-end. Management remains positive on the pricing environment and expects the benefit of higher prices to flow through in Q1FY27E, supporting sequential margin improvement. NSR improved by Rs3,800/t in Q4FY26, leading to stronger EBITDA performance.

**Expansion projects:** JSTL remains on track to increase domestic steel capacity from the current 32mnt to 49mnt by FY30E and targets 62mnt India capacity by FY32E. Including joint ventures, the company aims to reach overall steelmaking capacity of 78mnt.

**Maintain HOLD; revise TP upwards:** Outlook remains positive, supported by improving demand and pricing environment. We maintain HOLD, considering improved performance and rollover to Mar'28E EBITDA. We revise our TP upwards to Rs1,348 from Rs1,307, based on 7.8x EV/EBITDA on Mar'28E EBITDA.

### Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	JSTL IN/Rs 1,297
Market cap	US\$ 33.6bn
Free float	55%
3M ADV	US\$ 24.2mn
52wk high/low	Rs 1,307/Rs 962
Promoter/FPI/DII	45%/25%/11%

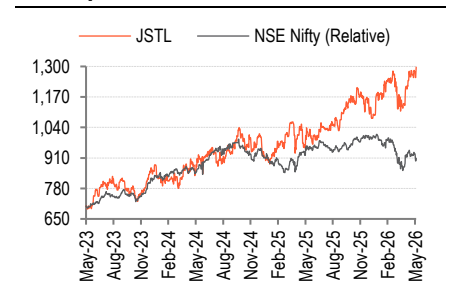
Source: NSE | Price as of 14 May 2026

### Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs bn)	1,854,700	2,088,231	2,397,498
EBITDA (Rs bn)	298,210	394,384	475,800
Adj. net profit (Rs bn)	396,750	162,879	199,506
Adj. EPS (Rs)	91.5	66.8	81.8
Adj. ROAE (%)	44.2	15.1	15.9
Adj. P/E (x)	14.2	19.4	15.9
EV/EBITDA (x)	2.2	1.4	1.0
Adj. EPS growth (%)	893.6	(58.9)	22.5

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance



Source: NSE



**Fig 1 – Quarterly performance (Consolidated)**

(Rs mn)	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	FY26	FY25	YoY (%)
Revenue	497,980	452,190	10.1	443,410	12.3	1,820,370	1,665,750	9.3
EBITDA	86,340	64,960	32.9	63,780	35.4	298,210	229,040	30.2
EBITDA margin (%)	17.34	14.37	297bps	14.38	295bps	16.38	13.75	263bps
Depreciation	21,480	23,620	(9.1)	24,970	(14.0)	96,010	93,090	3.1
Interest	21,680	23,040	(5.9)	20,940	3.5	91,020	84,120	8.2
Other income	3,410	2,730	24.9	2,300	48.3	12,480	6,940	79.8
PBT	46,590	21,030	121.5	20,170	131.0	123,660	58,770	110.4
Tax	31,340	(9,530)	428.9	2,290	1268.6	37,420	15,860	135.9
<b>Reported PAT</b>	<b>163,700</b>	<b>21,390</b>	<b>665.3</b>	<b>15,010</b>	<b>990.6</b>	<b>223,160</b>	<b>35,020</b>	<b>537.2</b>
Exceptional item	178,880	(5,290)	NA	(440)	NA	173,590	(4,890)	NA
Adj PAT	34,750	26,680	30.2	15,450	124.9	86,980	39,910	117.9
<b>Reported PATM (%)</b>	<b>32.87</b>	<b>4.73</b>	<b>2,814bps</b>	<b>3.39</b>	<b>2,949bps</b>	<b>12.26</b>	<b>2.10</b>	<b>1,016bps</b>
Adj. PATM (%)	6.98	5.90	108bps	3.48	349bps	4.78	2.40	238bps
<b>Reported EPS (Rs)</b>	<b>67.1</b>	<b>8.8</b>	<b>665.3</b>	<b>6.2</b>	<b>990.6</b>	<b>91.5</b>	<b>14.4</b>	<b>537.2</b>
Adjusted EPS (Rs)	(6.2)	10.9	(156.9)	6.3	(198.3)	35.6	16.4	117.9

Source: Company

**Fig 2 – Q4 Actual vs Estimates**

Particulars	Q4 Actual	Estimates	VAR(%)
Revenue (Rs mn)	497,980	489,978	1.6
EBITDA (Rs mn)	86,340	75,238	14.8
EBITDA margin (%)	17.3	15.4	198 bps
PAT (Rs mn)	163,700	22,275	634.9
EPS (Rs)	67.1	9.1	634.9

Source: Company, BOBCAPS Research

**Fig 3 – Consolidated parameters**

	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	FY26	FY25	YoY (%)
Steel sales (mn t)	8.0	7.6	4.3	7.5	6.4	29.6	26.5	12.0
Realization (Rs./t)	62,482	59,187	5.6	59,200	5.5	61,437	62,977	(2.4)
EBITDA (Rs/t)	12,187	8,665	40.6	8,515	43.1	10,718	8,659	23.8

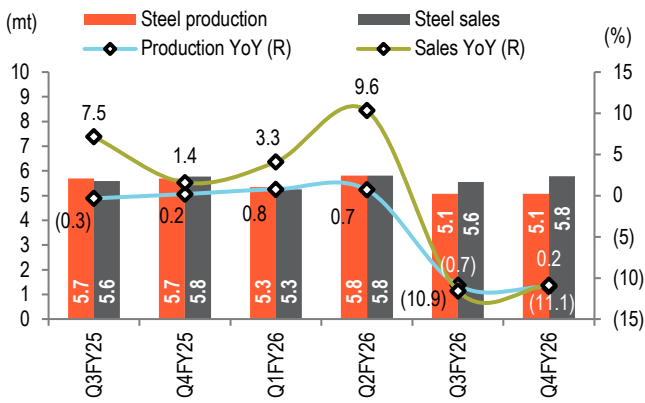
Source: Company

**Fig 4 – Standalone parameters**

	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	FY26	FY25	YoY (%)
Steel sales (mn t)	5.8	5.6	4.1	5.8	0.2	22.4	21.74	3.0
Realization (Rs./t)	60,178	56,247	7.0	55,187	9.0	57,500	57,810	(0.5)
EBITDA (Rs/t)	9,651	7,425	30.0	8,783	9.9	9,014	8,455	6.6

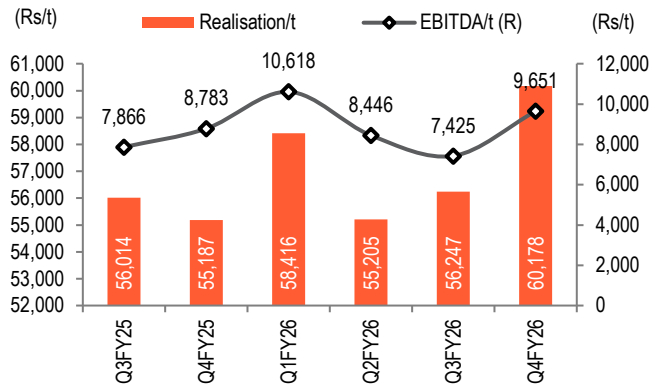
Source: Company

**Fig 5 – Production and sales trend (Standalone)**



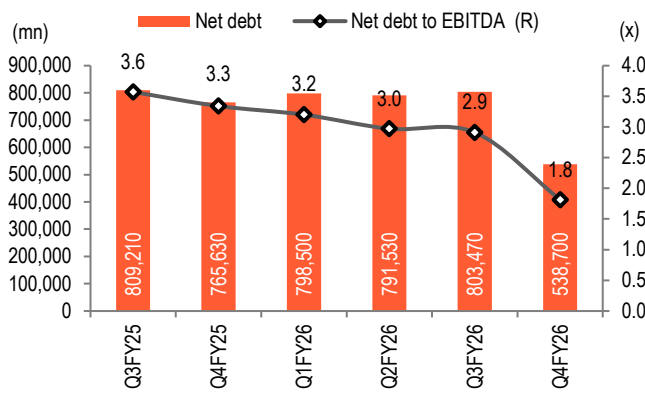
Source: BOBCAPS Research

**Fig 6 – Realisation & EBITDA trend (Standalone)**



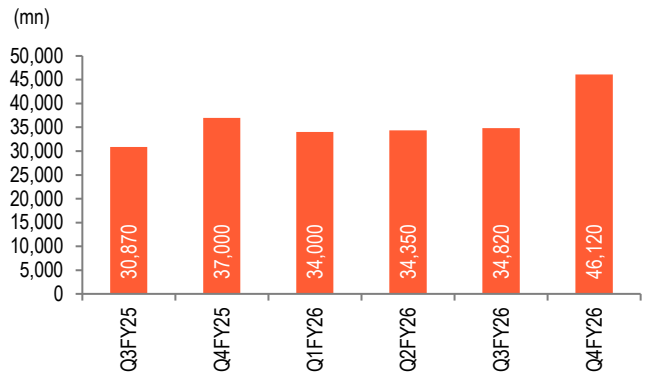
Source: BOBCAPS Research

**Fig 7 – Leverage**



Source: BOBCAPS Research

**Fig 8 – Capex**



## Call Highlights

- **Volume performance:** JSW Steel reported consolidated crude steel production of 7.49mnt in Q4FY26, marginally down 2% YoY, primarily impacted by the shutdown related to the Vijayanagar BF-3 expansion. However, consolidated steel sales reached a record 7.97mnt in Q4FY26, increasing to 6% YoY, driven by strong domestic demand and improved downstream utilization. The growth in volumes came on the back of demand from key segments like auto, retail and construction. Management expects the industry growth to be 7.0-9.0%YoY in FY27E. FY27 Consolidated production guidance stands at 29.75mt while sales guidance is 28.6mt.
- **Industry demand/environment:** Domestic steel consumption grew by 11.0%YoY to 45mnt in Q4FY26; and by 8.0%YoY to 164mnt in FY26. Steel imports fell by 6.0%YoY to 2.2mnt in Q4FY26. Imports declined by 22%YoY to 8.2mnt in FY26.
- **Pricing:** Domestic steel pricing improved meaningfully during Q4FY26, supported by safeguard duty implementation and improving domestic demand environment. Management indicated that NSR improved by ~Rs3,800/t during the quarter, while spot HRC prices increased by ~Rs5,000/t since Dec'25-end and currently stand at ~Rs54,000/t. Flat steel prices witnessed stronger recovery during the quarter, while long steel prices also improved sequentially, supported by healthy infrastructure and construction demand.
  - Q1 outlook: For Q1FY27, management remains constructive on the pricing outlook and expects the benefit of higher steel prices to flow through more fully during the quarter due to pricing lag effects.
- **Cost guidance:** Management expects a rise of USD12-15/tonne in coking coal cost in Q1FY27E. The company reiterated its target of achieving 50% captive integration for both iron ore and coking coal requirements by FY31, even at the expanded capacity levels.
  - Iron ore – Has 25 mines with 13 operational. With the commissioning of new mines by FY31E, the captive will serve 50% of its requirement by FY31E.
  - Coking coal mines – Three coking coal mines in eastern India are expected to start operations in the next 2-3years and produce 5.5mnt. On coking coal, JSW completed the acquisition of the MDR high-grade coking coal mine in Mozambique during FY26. The first phase is targeted for completion by mid-CY28 with expected production of ~5mnt of usable coking coal annually. management expects captive coking coal availability to reach ~10mnt by FY31, meeting nearly 50% of total coking coal requirements.
- **Capex and capacity additions:**
  - **Vijayanagar:** BF-3 expansion from 3mtpa to 4.5mtpa is under testing and commissioning. Ramp-up is expected from Q2FY27 onward. Additionally, the board approved another 5mtpa brownfield expansion at Vijayanagar, taking total site capacity to 25mtpa.

- **Dolvi:** Phase-3 expansion from 10mtpa to 15mtpa is progressing as planned and targeted for completion by Sep'27. Civil works and equipment erection are underway.
- **Kadapa:** 1mtpa structural mill project progressing with commissioning targeted by FY29. The project is focused on long products such as beams and structural steel.
- **JSW and POSCO** announced a 50:50 JV to establish a 6mtpa greenfield integrated steel plant in Odisha by 2031. The project will focus on high-grade flat steel products, especially automotive steel
- It incurred a capex of 46,120mn in Q4, taking the total to Rs146,540mn in FY26 vs Rs126,940mn in FY25.
- Total approved growth capex stands at Rs1,260bn over the next 4–5 years. FY27 capex guidance is Rs220,000mn–240,000mn.
- **The company now targets standalone India capacity of 62mtpa by FY32 versus earlier 50mtpa target by FY31. Including JVs, total India capacity is expected to reach 78mtpa by FY32.**
- **Net debt:** Consolidated Net debt was Rs803bn on Dec.25. Net debt reduced sharply to Rs540bn as of Mar'26, primarily driven by the deleveraging impact of the JFE transaction. An additional Rs8bn of deleveraging is expected upon receipt of the second tranche of equity infusion from JFE by end-Jun'26. Net D/E stood at 0.5x and Net Debt/EBITDA at 1.8x.

## Valuation Methodology

We remain positive on the demand environment and pricing outlook. Ramp-up of ongoing expansion projects is expected to drive incremental volumes over the medium term.

We revise our numbers down for FY27E to account for FY26 operational performance and revise up for FY28 to account for benefit of expansion projects.

- Volumes – Estimate growth remain same as earlier 8.5% for FY27E; 12.0% growth vs earlier 9.5% for FY28E. Introduce FY29 growth of 9.0%.
- Pricing/realisation: revised growth to 6.0% vs earlier 2.5% for FY27E, revised to 5.0% vs earlier 2.5% for FY28E. Introduce FY29 growth of 2.0%.
- USD-INR assumption was revised to Rs 95.0 vs earlier Rs91 for FY27E and FY28E.

**Fig 9 – Revision in estimates**

(Rs mn)	Actual	New			Old			Change (%)		
	FY26A	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	1,820,370	2,088,231	2,397,498	2,623,138	2,138,306	2,386,318	-	(2.3)	0.5	-
EBITDA	298,210	394,384	475,800	519,479	412,353	451,946	-	(4.4)	5.3	-
EBITDA % margin	16.4	18.9	19.8	19.8	19.0	20.1	-	(10bps)	(22bps)	-
PAT	223,160	162,879	199,506	247,731	161,684	183,929	-	0.7	8.5	-
EPS (Rs)	91.5	66.8	81.8	101.5	66.3	75.4	-	0.7	8.5	-

Source: Company, BOBCAPS Research

**Fig 10 – Key assumptions**

	FY25	FY26	FY27E	FY28E	FY29E
<b>Standalone</b>					
Sales volumes (mnt)	21.7	22.4	24.3	27.2	29.9
Realization (Rs/t)	57,810	57,500	60,950	63,998	65,278
<b>Growth YoY (%)</b>					
Volumes	2.5	3.0	8.5	12.0	9.0
Realization	(9.3)	(0.5)	6.0	5.0	2.0
EBITDA/t (Rs)	8,455	9,014	11,869	13,238	13,339
USD-INR	87.0	90.0	95.0	95.0	95.0

Source: Company, BOBCAPS Research

### EV/EBITDA-based Valuation Rationale

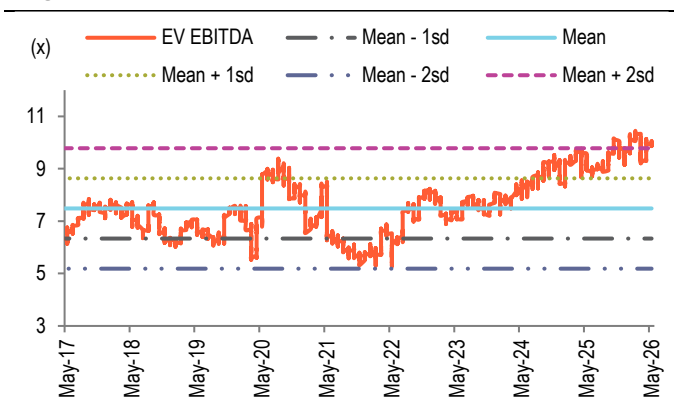
We maintain HOLD, considering the improved volume performance and rollover to Mar'28E EBITDA, and revise TP upwards to Rs1,348 from Rs1,307, based on 7.8x EV/EBITDA on Mar'28E EBITDA. We assign a premium to the normalized commodity multiple, supported by the company's strong execution capabilities and consistent volume outperformance versus industry growth. Key risks include delay in ramp-up of expansion projects, higher-than-expected capex intensity, and volatility in raw material prices, particularly coking coal.

**Fig 11 – Valuation summary**

Particulars	Mar. 28E EBITDA (Rs mn)	Multiple	Value (Rs mn)	Rs/share
JSW Steel	475,800	7.8	3,711,240	1,479
Less - Net debt			545,430	217
CWIP			218,920	87
<b>Target price</b>				<b>1,348</b>

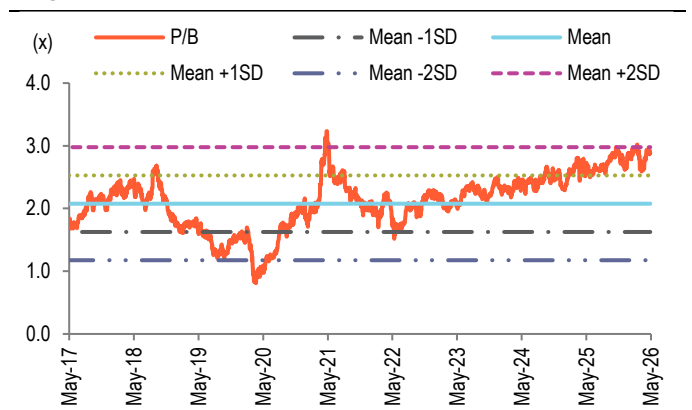
Source: Company, BOBCAPS Research

**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)	FY25A	FY26A	FY27E	FY28E	FY29E
<b>Total revenue</b>	<b>1,688,240</b>	<b>1,854,700</b>	<b>2,088,231</b>	<b>2,397,498</b>	<b>2,623,138</b>
EBITDA	229,040	298,210	394,384	475,800	519,479
Depreciation	(93,090)	(96,010)	(104,820)	(147,823)	(161,982)
EBIT	135,950	202,200	289,564	327,977	357,498
Net interest inc./(exp.)	(84,120)	(91,020)	(81,202)	(80,573)	(71,673)
Other inc./(exp.)	6,940	12,480	22,442	40,358	72,574
Exceptional items	(4,890)	173,590	0	0	0
EBT	53,880	297,250	230,804	287,761	358,398
Income taxes	(15,860)	(37,420)	(71,549)	(92,083)	(114,687)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(3,110)	(4,750)	3,624	3,829	4,020
<b>Reported net profit</b>	<b>35,040</b>	<b>223,160</b>	<b>162,879</b>	<b>199,506</b>	<b>247,731</b>
Adjustments	4,890	173,590	0	0	0
<b>Adjusted net profit</b>	<b>39,930</b>	<b>396,750</b>	<b>162,879</b>	<b>199,506</b>	<b>247,731</b>

### Balance Sheet

Y/E 31 Mar (Rs bn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	120,180	146,660	150,661	172,974	189,253
Other current liabilities	343,490	344,550	344,550	344,550	344,550
Provisions	2,850	3,320	3,320	3,320	3,320
Debt funds	959,570	955,320	955,320	905,320	805,320
Other liabilities	164,670	192,160	192,160	192,160	192,160
Equity capital	3,050	3,050	3,115	3,115	3,115
Reserves & surplus	791,910	997,480	1,152,307	1,343,152	1,581,610
Shareholders' fund	816,660	1,054,750	1,209,642	1,400,487	1,638,946
<b>Total liab. and equities</b>	<b>2,407,420</b>	<b>2,696,760</b>	<b>2,855,653</b>	<b>3,018,811</b>	<b>3,173,549</b>
Cash and cash eq.	132,850	409,890	418,892	449,349	557,319
Accounts receivables	84,150	112,600	94,050	101,411	103,768
Inventories	349,560	327,650	449,661	522,824	579,216
Other current assets	82,590	178,130	178,130	178,130	178,130
Investments	95,610	97,660	97,660	97,660	97,660
Net fixed assets	1,168,140	1,095,320	1,141,750	1,193,927	1,181,946
CWIP	204,780	218,920	218,920	218,920	218,920
Intangible assets	68,460	68,760	68,760	68,760	68,760
Deferred tax assets, net	0	0	0	0	0
Other assets	258,680	279,410	279,410	279,410	279,410
<b>Total assets</b>	<b>2,407,420</b>	<b>2,696,760</b>	<b>2,855,653</b>	<b>3,018,811</b>	<b>3,173,549</b>

### Cash Flows

Y/E 31 Mar (Rs bn)	FY25A	FY26A	FY27E	FY28E	FY29E
<b>Cash flow from operations</b>	<b>207,310</b>	<b>375,810</b>	<b>245,817</b>	<b>365,863</b>	<b>434,895</b>
Capital expenditures	(126,180)	(36,570)	(151,250)	(200,000)	(150,000)
Change in investments	(79,940)	50,960	0	0	0
Other investing cash flows	(9,010)	(20,290)	0	0	0
<b>Cash flow from investing</b>	<b>(215,130)</b>	<b>(5,900)</b>	<b>(151,250)</b>	<b>(200,000)</b>	<b>(150,000)</b>
Equities issued/Others	0	0	65	0	0
Debt raised/repaid	103,820	(4,250)	0	(50,000)	(100,000)
Interest expenses	(84,120)	(91,020)	(81,202)	(80,573)	(71,673)
Dividends paid	6,832	17,324	8,052	8,662	9,272
Other financing cash flows	(9,342)	(14,924)	(12,480)	(13,495)	(14,524)
<b>Cash flow from financing</b>	<b>17,190</b>	<b>(92,870)</b>	<b>(85,565)</b>	<b>(135,406)</b>	<b>(176,925)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>9,370</b>	<b>277,040</b>	<b>9,002</b>	<b>30,457</b>	<b>107,970</b>
<b>Closing cash &amp; cash eq.</b>	<b>132,850</b>	<b>409,890</b>	<b>418,892</b>	<b>449,349</b>	<b>557,319</b>

### Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	14.4	91.5	66.8	81.8	101.5
Adjusted EPS	16.4	91.5	66.8	81.8	101.5
Dividend per share	2.8	7.1	NA	NA	NA
Book value per share	325.8	410.1	473.5	551.7	649.5

### Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	0.4	0.4	0.3	0.2	0.1
EV/EBITDA	3.3	2.2	1.4	1.0	0.7
Adjusted P/E	79.2	14.2	19.4	15.9	12.8
P/BV	4.0	3.2	2.7	2.4	2.0

### DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	0.7	3.2	0.7	0.7	0.7
Interest burden (PBT/EBIT)	4.3	6.1	8.0	8.8	10.0
EBIT margin (EBIT/Revenue)	8.1	10.9	13.9	13.7	13.6
Asset turnover (Rev./Avg TA)	0.7	0.7	0.8	0.8	0.8
Leverage (Avg TA/Avg Equity)	3.0	2.8	2.6	2.3	2.1
Adjusted ROAE	5.1	44.2	15.1	15.9	16.9

### Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
<b>YoY growth (%)</b>					
Revenue	(4.8)	9.3	14.7	14.8	9.4
EBITDA	(18.9)	30.2	32.3	20.6	9.2
Adjusted EPS	(51.4)	893.6	(58.9)	22.5	24.2
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	13.6	16.1	18.9	19.8	19.8
EBIT margin	8.1	10.9	13.9	13.7	13.6
Adjusted profit margin	2.4	21.4	7.8	8.3	9.4
Adjusted ROAE	5.1	44.2	15.1	15.9	16.9
ROCE	7.6	10.4	13.7	15.2	16.8
<b>Working capital days (days)</b>					
Receivables	18	23	16	15	14
Inventory	77	66	79	80	81
Payables	30	34	32	33	33
<b>Ratios (x)</b>					
Gross asset turnover	0.7	0.7	0.8	0.8	0.8
Current ratio	1.2	1.5	1.6	1.7	1.9
Net interest coverage ratio	1.6	2.2	3.6	4.1	5.0
Adjusted debt/equity	0.9	0.5	0.4	0.3	0.1

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

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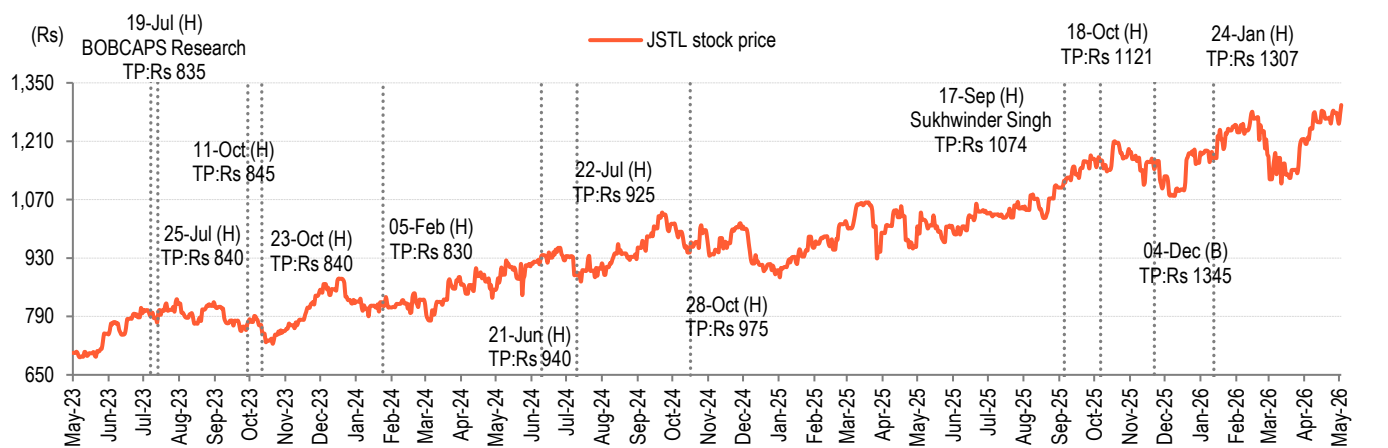
### Recommendation scale: Recommendations and Absolute returns (%) over 12 months

- 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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