BUY
TP: Rs 1,409 | ▲ 19%

JSW STEEL

| Metals & Mining | 24 October 2026

Volume led beat supported by ramp up of assets

- **Revenue grew 20.5% YoY on record consolidated sales of 7.46mt (+12.7% YoY); EBITDA grew by 42.2%YoY**
- **Coking coal to rise ~USD25/t in Q3FY27, but October price hikes should more than offset; FY27 volume guidance retained**
- **Raise to BUY, accounting for improved realization performance offset by cost increase; revise TP up to Rs1,409 from Rs1,312 on Sept'28E**

Sukhwinder Singh
Research Analyst
91 22 6138 9381
Sukhwinder.Singh@bobcaps.in

Namit Mehta
Research Associate
+91 22 6138 9392
Namit.Mehta@bobcaps.in

Results well above expectations: JSW Steel (JSTL) reported consolidated revenue of Rs537bn in Q2FY27 (+20.5% YoY, +15.1% QoQ), 1.5% ahead of our estimate. EBITDA stood at Rs101bn (+42.2% YoY, +7.9% QoQ) and was 12.1% above our estimate, with margin at 18.9% (+288bps YoY, -126bps QoQ). The beat was volume-led supported by pricing gains.

Volumes: Consolidated sales volumes rose to a record 7.46mt, up 12.7% YoY and 19.4% QoQ. India operations delivered record sales of 7.27mt (+14% YoY) and record domestic sales of 6.29mt (+12% YoY), outpacing domestic apparent consumption growth of 7% YoY. India capacity utilisation stood at 88%, with Vijayanagar BF-3 ramping to ~90% utilisation following its June light-up and JVML subsidiary achieving record quarterly production. Value-added and special products (VASP) sales were a record 4.11mt (+11% YoY).

Domestic pricing: Consolidated realisation increased 15%YoY while declined 3.6% QoQ to Rs71,980/t (+14.9% YoY), driven mainly by weaker long steel prices. Consolidated EBITDA/t stood at Rs13,326, +23.7%YoY. For Q3FY27, management guides coking coal costs up ~USD25/t on QoQ and iron ore marginally higher but expects the October price increase to be fully reflected in the quarter and to more than offset cost inflation.

Expansion path: JSTL remains on track to increase domestic capacity from the current 32mnt to 54mnt by FY31E and targets 62mnt India capacity by FY32E. Including JVs, the company aims to reach overall India capacity of 78mnt by FY32E.

Raise to BUY from HOLD; revise TP upwards: We raise to BUY; accounting for improved realization performance offset by cost increase; we revise TP to Rs1,409 from Rs1,312 earlier based on 7.8x EV/EBITDA on Sept'28E EBITDA.

Key changes

Target	Rating
▲	▲

Ticker/Price	JSTL IN/Rs 1,186
Market cap	US$ 30.5bn
Free float	55%
3M ADV	US$ 21.7mn
52wk high/low	Rs 1,351/Rs 1,073
Promoter/FPI/DII	45%/25%/11%

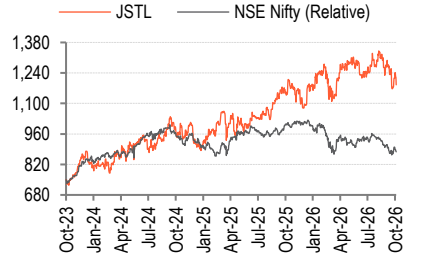
Source: NSE | Price as of 23 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs bn)	1,855	2,048	2,312
EBITDA (Rs bn)	298	385	434
Adj. net profit (Rs bn)	223	172	185
Adj. EPS (Rs)	91.3	70.5	75.7
Adj. ROAE (%)	44.2	15.9	14.8
Adj. P/E (x)	13.0	16.8	15.7
EV/EBITDA (x)	11.9	8.9	7.8
Adj. EPS growth (%)	891.4	(56.5)	7.4

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly performance (Consolidated)

(Rs mn)	Q2FY27	Q1FY27	QoQ (%)	Q2FY26	YoY (%)	H1FY27	H1FY26	YoY (%)
Revenue	**536,970**	**466,620**	**15.1**	**445,600**	**20.5**	**1,003,590**	**870,200**	**15.3**
EBITDA	**101,200**	**93,830**	**7.9**	**71,150**	**42.2**	**195,030**	**146,910**	**32.8**
EBITDA margin (%)	*18.85*	*20.11*	*(126 bps)*	*15.97*	*288 bps*	*19.43*	*16.88*	*255 bps*
Depreciation	22,000	21,370	2.9	25,540	(13.9)	43,370	50,910	(14.8)
Interest	16,020	17,120	(6.4)	24,130	(33.6)	33,140	46,300	(28.4)
Other income	4,410	7,240	(39.1)	2,840	55.3	11,650	6,340	83.8
PBT	67,590	62,580	8.0	24,320	177.9	130,170	56,040	132.3
Tax	16,920	14,640	15.6	6,980	142.4	31,560	15,610	102.2
Reported PAT	52,790	46,510	13.5	16,230	225.3	99,300	38,070	160.8
Reported PATM (%)	*9.8*	*10.0*	*(14 bps)*	*3.6*	*619 bps*	*9.9*	*4.4*	*552 bps*
Reported EPS (Rs)	**21.6**	**19.1**	**13.5**	**6.7**	**225.3**	**40.7**	**15.6**	**160.8**

Source: Company

Fig 2 – Q2 Actual vs Estimates (Consolidated)

Particulars	Q2 Actual	Estimates	VAR (%)
Revenue (Rs mn)	536,970	529,216	1.5
EBITDA (Rs mn)	101,200	90,302	12.1
EBITDA margin (%)	18.8	17.1	178 bps
PAT (Rs mn)	52,790	36,961	42.8
EPS (Rs)	21.6	15.1	42.8

Source: Company, BOBCAPS Research

Fig 3 – Consolidated parameters

	Q2FY27	Q1FY27	QoQ (%)	Q2FY26	YoY (%)	H1FY27	H1FY26	YoY (%)
Steel sales (mn t)	7.5	6.3	19.4	6.6	12.7	13.9	13.3	4.1
Realisation (Rs./t)	71,980	74,659	(3.6)	62,642	14.9	72,409	65,330	10.8
EBITDA (Rs/t)	13,326	14,997	(11.1)	10,769	23.7	14,071	11,029	27.6

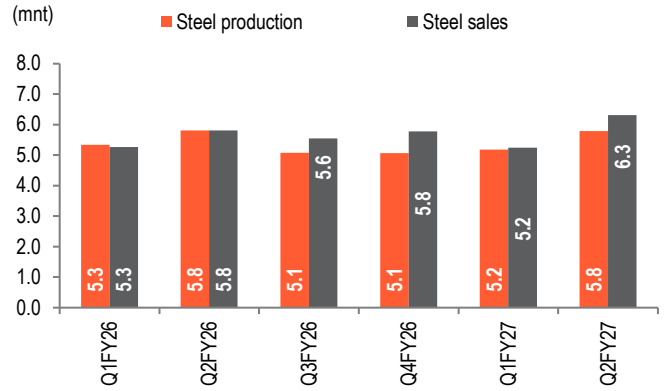
Source: Company

Fig 4 – Standalone parameters

	Q2FY27	Q1FY27	QoQ (%)	Q2FY26	YoY (%)	H1FY27	H1FY26	YoY (%)
Steel sales (mn t)	6.3	5.2	20.4	5.8	8.6	11.6	11.07	4.3
Realisation (Rs./t)	65,097	66,227	(1.7)	55,454	17.4	65,610	57,046	15.0
EBITDA (Rs/t)	11,666	12,607	(7.5)	8,587	35.9	12,093	9,610	25.8

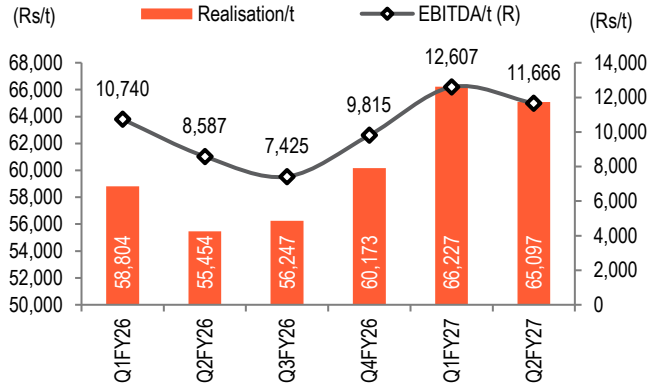
Source: Company

Fig 5 – Production and sales trend (Standalone)



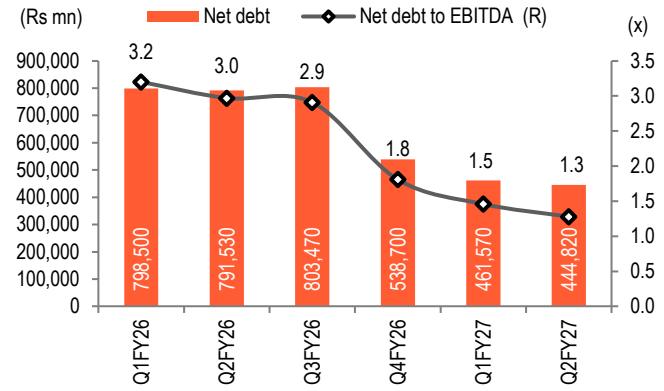
Source: Company

Fig 6 – Realisation & EBITDA trend (Standalone)



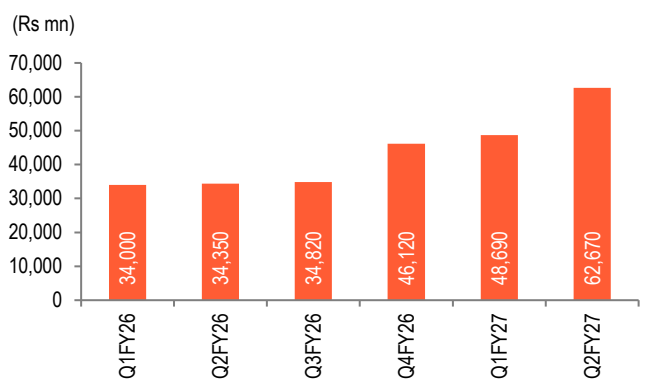
Source: BOBCAPS Research

Fig 7 – Leverage



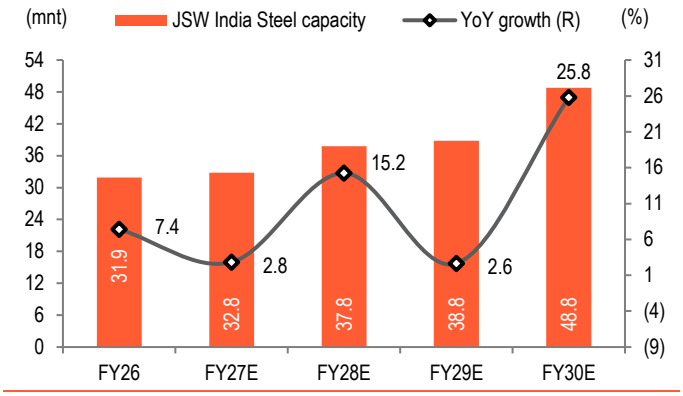
Source: Company

Fig 8 – Capex



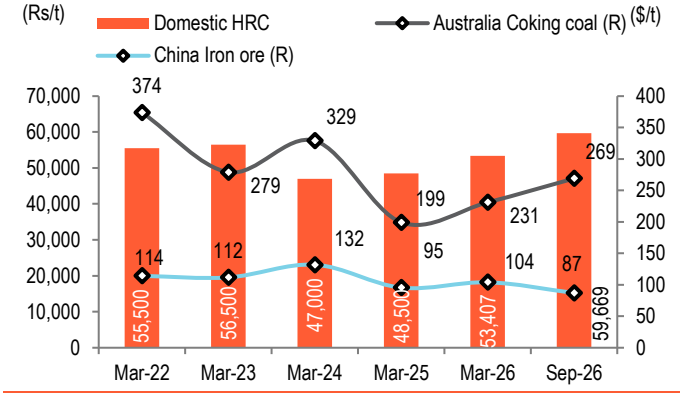
Source: Company

Fig 9 – JSW Steel growth path



Source: Company

Fig 10 – Commodity prices trend



Source: Bloomberg

Call Highlights

- **Volume performance:** India operations delivered record sales of 7.27mt (+14% YoY) and record domestic sales of 6.29mt (+12% YoY), outpacing domestic apparent consumption growth of 7% YoY BF-3 expansion from 3.0 to 4.5mnt. BF-3 has been restarted in June month and is ramped up to 90%. Consumption in auto segment grew by +36%YoY. Exports share was 13% from India operations. Management expects the industry demand growth to be 7.0-8.0%YoY in FY27E. Maintains guidance of FY27 consolidated production volumes at 29.8mnt and sales volumes at 28.6mnt.

- **Industry demand/environment:** Domestic steel consumption grew by 7%YoY to 43mnt in Q2FY27 and 8% in H1FY27 to 85mnt. Finished steel imports increased by 6%YoY for Q2 and 24% for H1FY27.

- **Pricing:** Realization declined 3.6% QoQ to Rs71,980/t (+14.9% YoY), driven mainly by weaker long steel prices, which corrected sharply in June-July as Middle East-related disruption to construction labour availability hit demand, before recovering through the second half of the quarter. Management indicated that prices have improved and expect to be reflected in Q3.

- **Cost guidance:** Coking coal costs rose by about USD10/t QoQ, below management's earlier guidance of USD12-15/t, while iron ore costs were marginally higher. For Q3FY27, management guides coking coal costs up ~USD25/t on QoQ and iron ore marginally higher but expects the October price increases to be fully reflected in the quarter and to more than offset cost inflation.

    - 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. Three new mines in Karnataka target to be commissioned in Q4FY27 with additional capacity of 4mnt, taking overall capacity in Karnataka to 15mnt.

    - Coking coal mines – JSW is expanding capacity to 9mntpa from Mozambique. Production to commence form CY28. It also has 2mnt of capacity at Illawarra, Australia.

- **Capex and capacity additions:**

    - Dolvi: Phase-3 expansion from 10mtpa to 15mtpa is progressing as planned and targeted for completion by Sep'27.

    - JVML-Vijayanagar – 5mnt brownfield expansion is progressing well and target commissioning by FY30.

    - Board approved Phase-II of 5mntpa at JSW Utkal, Odisha to be commissioned by Q1FY31, taking total capacity under construction at site to 10mntpa.

    - It incurred a capex of Rs111bn in H1FY27. Total approved growth capex stands at Rs1,484bn over the next 5-6years. FY27 capex guidance is Rs220bn–240bn.

- **Net debt:** Consolidated Net debt reduced to Rs444bn from Rs461bn as on June 26. It was Rs540bn as on Mar'26. Net D/E stood at 0.4x

Valuation Methodology

We remain positive on the demand environment. Ramp-up of BF-3 Vijayanagar and other expansion projects are expected to drive incremental volumes over the medium term.

We revise our numbers upwards to account for improved realisation.

- **Pricing/realisation:** Revised growth to 15.0% vs earlier 5.0% for FY27E, kept unchanged at 4.0% for FY28E and unchanged at 2% for FY29E
- **Volumes:** Estimate growth at 6% vs earlier 10% for FY27E; kept unchanged at 12.0% growth for FY28E and uinchanged at 9% for FY29E
- EBITDA/t: Estimated at Rs12,684 vs earlier Rs11,811 for FY27E; at Rs13,054 vs earlier Rs12,524 for FY28E and at Rs13,500 vs earlier Rs12,693 for FY29E

Fig 11 – Revision in estimates

(Rs mn)	Actual	New			Old			Change (%)		
	FY26A	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	1,820,370	2,048,023	2,311,553	2,516,016	1,917,050	2,230,919	2,439,591	6.8	3.6	3.1
EBITDA	298,210	384,801	434,047	475,782	366,179	432,802	471,609	5.1	0.3	0.9
EBITDA % margin	16.4	18.8	18.8	18.9	19.1	19.4	19.3	(31 bps)	(62 bps)	(42 bps)
PAT	223,160	172,415	185,110	208,883	154,859	177,357	196,662	11.3	4.4	6.2
EPS (Rs)	91.3	70.5	75.7	85.4	63.3	72.5	80	11.3	4.4	6.2

Source: Company, BOBCAPS Research

Fig 12 – Key assumptions

	FY25	FY26	FY27E	FY28E	FY29E
Standalone					
Sales volumes (mnt)	21.7	22.4	23.7	26.6	29.0
Realisation (Rs/t)	57,810	57,500	66,126	68,771	70,146
Growth YoY (%)					
Volumes	2.5	3.0	6.0	12.0	9.0
Realisation	(9.3)	(0.5)	15.0	4.0	2.0
EBITDA/t (Rs)	8,455	9,014	12,684	13,054	13,500
USD-INR	87.0	90.0	97.0	97.0	97.0

Source: Company, BOBCAPS Research

EV/EBITDA-based Valuation Rationale

We raise to BUY; accounting for strong volume performance, pricing offset by cost increase; we revise TP to Rs1,409 from Rs1,312 earlier based on 7.8x EV/EBITDA on Sept'28E EBITDA We assign a premium to the normalised commodity multiple, supported by the company's strong execution capabilities and consistent volume outperformance versus industry growth. Valuation takes into account BPSL – Bhushan Power & Steel value based on 15x FY28E PAT (50% share)

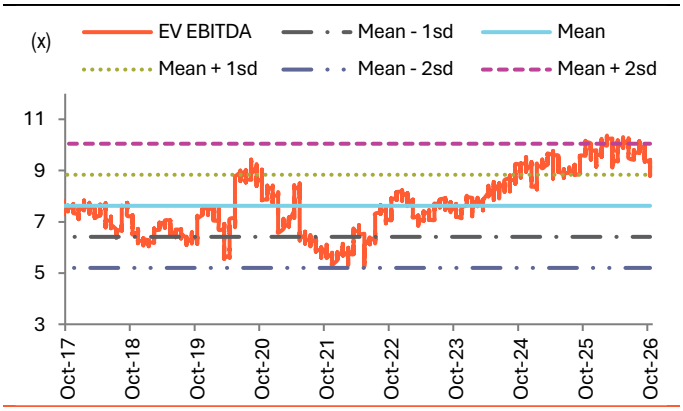
Key risks include delay in higher-than-expected capex intensity, and volatility in raw material prices, particularly coking coal.

Fig 13 – Valuation summary

Particulars	Sept 28E EBITDA (Rs mn)	Multiple	Value (Rs mn)	Rs/share
JSW Steel	454,915	7.8	3,548,333	1,451
Less - Net debt			444,820	182
CWIP			218,920	90
BPSL (Bhushan Steel)			122,850	50
Target price (Rs)				**1,409**

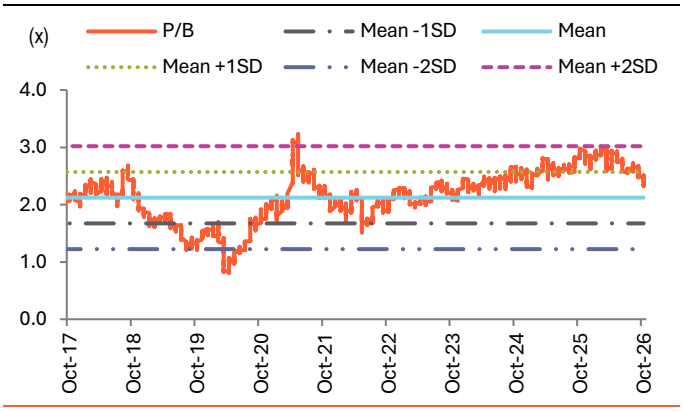
Source: Company, BOBCAPS Research

Fig 14 – EV/EBITDA 1YF



Source: BOBCAPS Research, Bloomberg

Fig 15 – P/B 1YF



Source: BOBCAPS Research, Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs bn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**1,688**	**1,855**	**2,048**	**2,312**	**2,516**
EBITDA	229	298	385	434	476
Depreciation	(93)	(96)	(104)	(142)	(163)
EBIT	136	202	281	292	312
Net interest inc./(exp.)	(84)	(91)	(66)	(65)	(54)
Other inc./(exp.)	7	12	13	13	14
Exceptional items	(5)	174	0	0	0
EBT	54	297	228	241	272
Income taxes	(16)	(37)	(60)	(64)	(72)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(3)	(5)	5	8	9
Reported net profit	**35**	**223**	**172**	**185**	**209**
Adjustments	5	0	0	0	0
Adjusted net profit	**40**	**223**	**172**	**185**	**209**

Balance Sheet

Y/E 31 Mar (Rs bn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	120	147	148	167	182
Other current liabilities	343	345	345	345	345
Provisions	3	3	3	3	3
Debt funds	960	955	775	725	605
Other liabilities	165	192	192	192	192
Equity capital	3	3	3	3	3
Reserves & surplus	792	997	1,162	1,338	1,538
Shareholders' fund	817	1,055	1,219	1,396	1,595
Total liab. and equities	**2,407**	**2,697**	**2,682**	**2,828**	**2,922**
Cash and cash eq.	133	410	265	284	339
Accounts receivables	84	113	92	98	100
Inventories	350	328	441	504	556
Other current assets	83	178	178	178	178
Investments	96	98	98	98	98
Net fixed assets	1,168	1,095	1,132	1,190	1,177
CWIP	205	219	219	219	219
Intangible assets	68	69	69	69	69
Deferred tax assets, net	0	0	0	0	0
Other assets	259	279	279	279	279
Total assets	**2,407**	**2,697**	**2,682**	**2,828**	**2,922**

Cash Flows

Y/E 31 Mar (Rs bn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**207**	**376**	**245**	**334**	**379**
Capital expenditures	(126)	(37)	(141)	(200)	(150)
Change in investments	(80)	51	0	0	0
Other investing cash flows	(9)	(20)	0	0	0
Cash flow from investing	**(215)**	**(6)**	**(141)**	**(200)**	**(150)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	104	(4)	(180)	(50)	(120)
Interest expenses	(84)	(91)	(66)	(65)	(54)
Dividends paid	7	17	8	9	9
Other financing cash flows	(9)	(15)	(11)	(9)	(9)
Cash flow from financing	**17**	**(93)**	**(249)**	**(115)**	**(174)**
Chg in cash & cash eq.	**9**	**277**	**(144)**	**19**	**55**
Closing cash & cash eq.	**133**	**410**	**265**	**284**	**339**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	14.4	91.3	70.5	75.7	85.4
Adjusted EPS	16.4	91.3	70.5	75.7	85.4
Dividend per share	2.8	7.1	NA	NA	NA
Book value per share	325.8	409.1	476.4	548.5	630.1

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	2.2	1.9	1.7	1.5	1.3
EV/EBITDA	15.9	11.9	8.9	7.8	6.8
Adjusted P/E	72.4	13.0	16.8	15.7	13.9
P/BV	3.6	2.9	2.5	2.2	1.9

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	0.7	1.8	0.8	0.8	0.8
Interest burden (PBT/EBIT)	4.3	6.1	8.1	8.2	8.7
EBIT margin (EBIT/Revenue)	8.1	10.9	13.7	12.6	12.4
Asset turnover (Rev./Avg TA)	0.7	0.7	0.8	0.8	0.9
Leverage (Avg TA/Avg Equity)	3.0	2.8	2.5	2.2	2.0
Adjusted ROAE	5.1	44.2	15.9	14.8	14.5

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(4.8)	9.3	12.5	12.9	8.8
EBITDA	(18.9)	30.2	29.0	12.8	9.6
Adjusted EPS	(51.4)	891.4	(56.5)	7.4	12.8
Profitability & Return ratios (%)					
EBITDA margin	13.6	16.1	18.8	18.8	18.9
EBIT margin	8.1	10.9	13.7	12.6	12.4
Adjusted profit margin	2.4	12.0	8.4	8.0	8.3
Adjusted ROAE	5.1	44.2	15.9	14.8	14.5
ROCE	7.6	10.4	13.4	13.6	13.9
Working capital days (days)					
Receivables	18	23	16	15	14
Inventory	77	66	79	80	81
Payables	30	34	32	32	32
Ratios (x)					
Gross asset turnover	0.7	0.7	0.8	0.8	0.9
Current ratio	1.2	1.5	1.4	1.5	1.6
Net interest coverage ratio	1.6	2.2	4.3	4.5	5.7
Adjusted debt/equity	0.9	0.5	0.4	0.3	0.2

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

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Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 (Perpetual)**
SEBI Stock Broker Registration No: **INZ000159332**
SEBI Depository Participant Registration No: **IN-DP-728-2022**
SEBI Merchant Banker Registration No: **INM000009926**
Phone: +91-22-61389300
Name of the Compliance Officer: Mr. Sameer Khobrekar
Email ID: Compliance@bobcaps.in; Phone no.: +91-22-61389358
For any queries or grievances, you may contact the Grievance Officer.
Name of the Grievance Officer: Mr. Nilesh Mehta
Email ID: head-customercare@bobcaps.in; Phone no: 92288 60945

Brand Name: **BOBCAPS**
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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

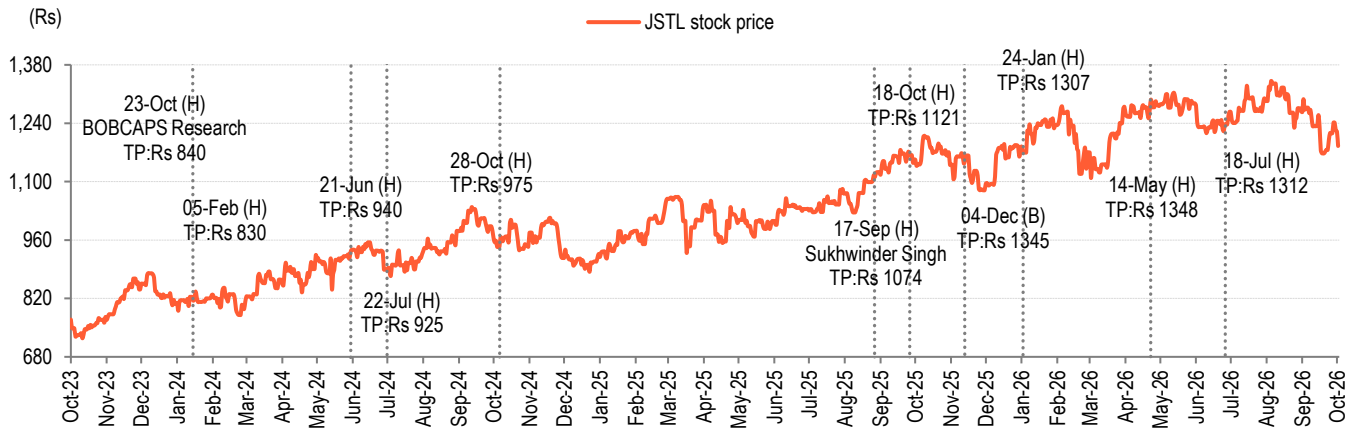
HOLD – Expected return from -6% to +15%

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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