

October 20, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	1,118		1,151	
Sales (Rs. m)	2,142	2,394	2,157	2,370
% Chng.	(0.7)	1.0		
EBITDA (Rs. m)	407	474	425	455
% Chng.	(4.3)	4.1		
EPS (Rs.)	58.8	72.6	64.0	67.0
% Chng.	(8.1)	8.3		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	1,688	1,895	2,142	2,394
EBITDA (Rs. bn)	229	335	407	474
Margin (%)	13.6	17.7	19.0	19.8
PAT (Rs. bn)	40	107	144	177
EPS (Rs.)	16.3	43.8	58.8	72.6
Gr. (%)	(52.0)	168.3	34.2	23.5
DPS (Rs.)	2.8	3.1	3.4	3.7
Yield (%)	0.2	0.3	0.3	0.3
RoE (%)	5.1	12.7	15.1	16.0
RoCE (%)	8.0	13.0	15.5	17.4
EV/Sales (x)	2.2	1.9	1.7	1.5
EV/EBITDA (x)	15.9	10.8	9.0	7.6
PE (x)	71.4	26.6	19.8	16.1
P/BV (x)	3.6	3.2	2.8	2.4

Key Data

52-W High / Low	Rs.1,179 / Rs.880	
Sensex / Nifty	83,952 / 25,710	
Market Cap	Rs.2,851bn/ \$ 32,412m	
Shares Outstanding	2,445m	
3M Avg. Daily Value	Rs.1783.01m	

Shareholding Pattern (%)

Promoter's	45.31
Foreign	25.43
Domestic Institution	10.92
Public & Others	18.34
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	5.0	15.8	19.0
Relative	3.4	8.3	14.9

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Strong volume growth amid softer prices

Quick Pointers:

- CU at Indian ops stood at 92%. VASP sales stood at 4.31mt, up 20% YoY.
- Capex of ~Rs690bn planned for period starting H2FY26 and spanning over the next 3.5 years.

JSW Steel (JSTL) reported robust operating performance driven by higher volumes from JVML ramp up. Cons volume rose 20% YoY, supported by robust domestic demand, while average cons NSR declined 4.6% QoQ due to weak domestic prices in seasonally weak monsoon quarter as both flat and longs steel prices declined 4-10% QoQ in Q2. RM costs declined due to decrease in coking coal costs while P&F costs declined aided by higher use of RE in power usage and better product mix which led to JSTL delivering cons EBITDA/t of Rs10,693 (adjusting for forex M2M loss of Rs7.34bn) better than PLe of Rs9.524. Adj. std EBITDA/t was at Rs9,709. We expect steel prices to firm up in next two months with increase in govt spending on infra capex and GST led enthusiasm in user industries, supporting better realisations in H2FY26.

With the expected extension of safeguard duty for three years by Gol and strong demand going ahead, sector fundamentals appear favourable. We believe a) planned ramp up of JVML b) capacity upgradation at #BF3 and c) JSTLs continued efforts to reduce costs and SC clearing BPSL case removes overhang from the stock and would drive earnings growth over FY25-28E. We tweak our FY27/28E EBITDA by -4%/4% respectively, factoring in lower pricing assumptions. We expect volume/ EBITDA CAGR of 10%/27% over FY25-28E. At CMP, the stock is trading at 9x/7.6x EV of FY27/28E EBITDA. Maintain 'Hold' with revised TP of Rs1,118 (earlier 1,151), valuing at 8x EV of Sep'27E EBITDA.

Steady growth driven by JVML ramp-up and exports: Cons revenue grew 14% YoY to Rs452bn (+5% QoQ; PLe Rs 468bn) on strong volumes which grew 20% YoY to 7.34mt (PLe 7.32mt) on JVML ramp up. Average cons realisation declined 4.6% QoQ to Rs61,515/t (-5% YoY; PLe Rs63,934/t) as both Flat and Longs steel prices declined during the qtr. Standalone volumes grew 10% YoY to 5.81mt (+10% QoQ). BPSL volumes grew 12% YoY to 0.83mt (+6% YoY). JVML sales volume grew 6.3% QoQ to 0.84mt as furnace being ramped up since Q4FY25. Exports volumes from India increased 69% YoY to 0.71mt with export share rising to 10% from 7% YoY/QoQ.

Cost savings and volume gains lift profitability: Cons EBITDA grew 44% YoY to Rs78.5bn (-1% QoQ; PLe Rs69.71bn) on strong volumes across regions and lower mining royalties. Cons EBITDA per ton grew 20.6% YoY to Rs10,693/t (-10% QoQ, PLe Rs 9,524/t). RM cost per ton declined 8% YoY to Rs31,717 on soft coking coal costs; P&F cost per ton declined 12% YoY to Rs5,580. Mining premium declined 33% YoY to Rs1,974/t. Other expenses per ton increased 6% YoY to Rs10,770. Std EBITDA grew 22% YoY to Rs56.4bn (-5% QoQ) higher than PLe of Rs52.2bn.

US loss narrows, BPSL and Coated boost EBITDA: US subsidiary (Ohio) EBITDA loss narrowed YoY to marginal loss at USD4/t as prices softened in Q2. Italy ops improved QoQ but EBITDA declined 9% YoY to EUR5.6mn with EBITDA/t of EUR71. Bhushan (BPSL) EBITDA grew 68% YoY to Rs7.2bn; while EBITDA/t improved 50% YoY to Rs8,723 on low base. Coated products EBITDA/t improved 73% YoY to Rs5,974/t (up 18% QoQ).

Q2FY26 Conference Call Highlights:

- Domestic sales rose 14% YoY, outperforming the industry growth of ~9% in the quarter on ramp of JVML.
- Capacity utilisation at Indian operations stood at 92%. Value-added and special products sales stood at 4.31mt, up 20% YoY.
- Capex during the quarter stood at Rs31.35bn. Revenue acceptances as of Q2FY26 were USD2.35bn.
- JSTL's board has approved a 1mtpa EAF project in Kadapa, AP, slated for completion by FY29 end. The plant will include a section mill for structural steel used in construction and infra, with scope for future expansion depending on availability of iron ore in the region.
- The board also approved a 1mtpa section mill at the Raigarh plant for structural steel production, along with facilities at Salem for bearings and premium niche-grade steel.
- JSTL commissioned India's first 25MW green hydrogen electrolyser, with 3,800tpa capacity, to supply the Vijayanagar DRI plant and cut GHG emissions.
- JSTL received board approval for 2.5GW of RE and 320MWh of battery storage; RE capacity at the end of Q2FY26 stood at 885MW.
- The slurry pipeline which was transferred to JSW Infra is slated for commissioning in Q4FY27.
- The 3mt #BF3 at Vijayanagar was shut down in late Sep'25 for relining and capacity upgradation to 4.5mt, and ops are expected to resume by Feb'26.
- The Dolvi Phase III expansion from 10mt to 15mt is progressing as planned, targeted for completion by Sept'27.
- A capex of ~Rs690bn is planned for the period starting H2FY26 and spanning over the next 3.5 years.
- US operations reported slightly lower EBITDA due to shipment spillovers at the plate and pipe mill into Q3.
- JSTL anticipates coking coal costs to rise by ~USD 3-5 in Q3.
- Captive iron ore consumption during the quarter stood at ~30%. JSTL expects iron ore prices to decline in Q3. Captive iron ore availability in FY26 is estimated at ~22-23mt, accounting for about 36% of JSTL's total requirement.
- Cons net debt as of Q2FY26 was Rs791.5bn, down Rs7bn QoQ.

Exhibit 1: Q2FY26 Consolidated Result Overview

Y/e March (Rs bn)	2QFY26	2QFY25	YoY gr. (%)	2QFY26E	% Var.	1QFY26	QoQ gr. (%)	H1FY26	H1FY25	YoY gr. (%)
Net Sales	451.5	396.8	13.8	468.0	(3.5)	431.5	4.6	883.0	826.3	6.9
Raw Material	225.6	209.9	7.5	232.7	(3.1)	205.8	9.6	431.4	434.5	(0.7)
% of Net Sales	50.0	52.9		49.7		47.7		48.9	52.6	
Purchase of traded goods	7.2	1.2	522.4	6.3	15.3	5.5	30.3	12.8	1.9	582.4
% of Net Sales	1.6	0.3		1.3		1.3		1.4	0.2	
Staff Costs	13.1	12.2	7.1	14.9	(12.3)	13.2	(0.8)	26.3	24.7	6.4
% of Net Sales	2.9	3.1		3.2		3.1		3.0	3.0	
Power & Fuel	41.0	38.9	5.3	46.6	(12.2)	41.3	(0.7)	82.2	78.0	5.5
% of Net Sales	9.1	9.8		10.0		9.6		9.3	9.4	
Mining premium and royalties	14.5	18.0	(19.7)	21.0	(31.1)	18.6	(22.1)	33.1	51.0	(35.1)
% of Net Sales	3.2	4.5		4.5		4.3		3.7	6.2	
Other Expenses	71.7	62.3	15.0	76.7	(6.6)	67.9	5.6	139.6	126.8	10.1
% of Net Sales	15.9	15.7		16.4		15.7		15.8	15.3	
Total Expenditure	373	342	8.9	398	(6.3)	352	5.9	725	717	1.2
EBITDA	78.5	54.4	44.4	69.7	12.6	79.2	(0.9)	157.7	109.5	44.0
Margin (%)	17.4	13.7		14.9		18.4		17.9	13.2	
Depreciation	25.5	22.7	12.7	19.5	31.0	25.4	0.7	50.9	44.8	13.7
Other income	2.8	1.5	85.6	3.0	(5.3)	3.5	(18.9)	6.3	3.2	100.0
EBIT	56	33	67.9	53	4.8	57	(2.7)	113	68	66.6
Interest	24.1	21.3	13.3	20.5	17.7	22.2	8.8	46.3	42.0	10.2
PBT	31.7	11.9	165.4	32.7	(3.2)	35.2	(9.9)	66.8	25.9	158.5
Extraordinary income/expense)	(7.3)	(3.4)	NA	-	NA	(3.4)	NA	(10.8)	(3.4)	NA
PBT (After EO)	24	9	185.8	33	(25.7)	32	(23.3)	56	22.4	149.8
Tax	7.0	3.9	81.3	8.7	(19.3)	8.6	(19.1)	15.6	9.0	73.8
% PBT	28.7	45.2		26.4		27.2		27.9	40.0	
Reported PAT	17.3	4.7	272.1	24.1	(27.9)	23.1	(24.9)	40.4	13.5	201
Minority interest	0.2	(0.4)	NA	0.2	NA	0.3	NA	0.5	(0.1)	NA
Share of profit/(losses) in Associates	(0.9)	(0.6)	NA	(0.9)	NA	(1.0)	NA	(1.9)	(0.7)	NA
Net Profit attributable to shareholders	16.2	4.4	269.7	23.0	(29.3)	21.8	(25.7)	38.1	12.8	196
Adjusted PAT	21.3	7.2	195.8	23.0	(7.2)	24.4	(12.7)	45.7	15.6	192

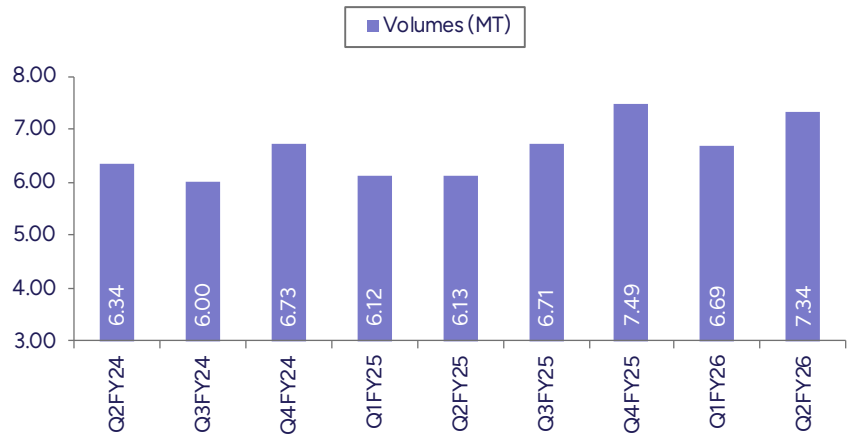
Source: Company, PL

Exhibit 2: Operating parameters (Consolidated)

Y/e March (Rs)	2QFY26	2QFY25	YoY gr. (%)	2QFY26E	% Var.	1QFY26	QoQ gr. (%)	H1FY26	H1FY25	YoY gr. (%)
Crude steel production (000 tons)	7,781	6,230	24.9	7,674	1.4	7,100	9.6	14,881	12,308	20.9
Sales (000 tons)	7,340	6,130	19.7	7,320	0.3	6,690	9.7	14,030	12,250	14.5
Realization per ton	61,515	64,737	(5.0)	63,934	(3.8)	64,495	(4.6)	62,936	67,451	(6.7)
EBITDA per ton	10,693	8,869	20.6	9,524	12.3	11,837	(9.7)	11,239	8,936	25.8

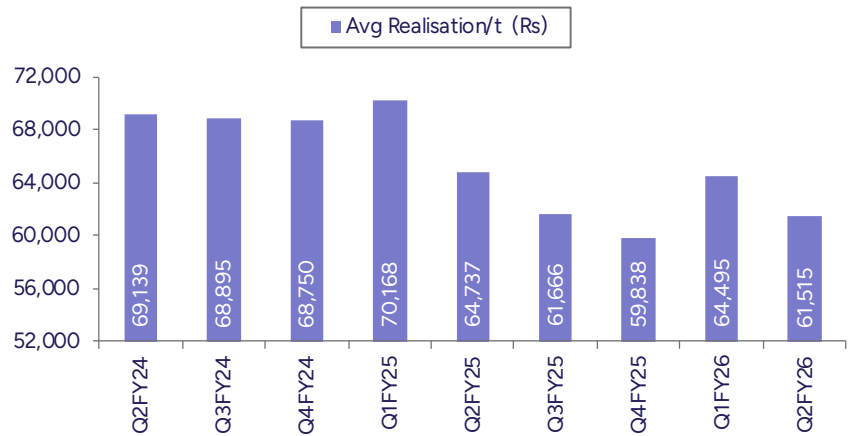
Source: Company, PL

Exhibit 3: Cons volume grew 19.7% YoY on JVML ramp up & mkt share gain



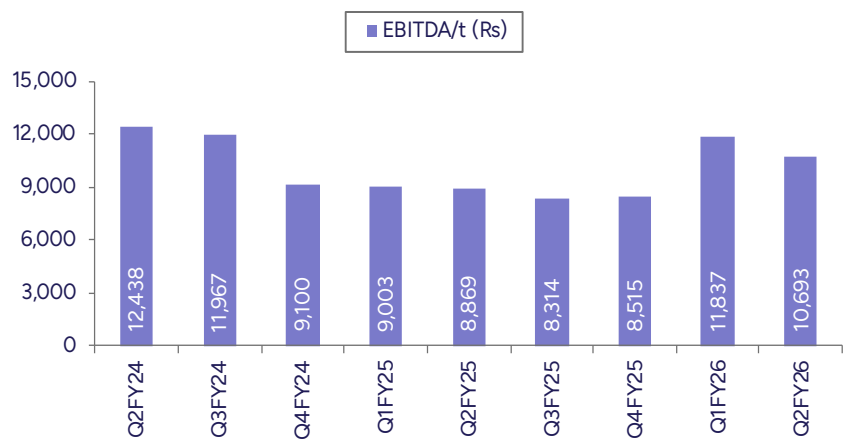
Source: Company, PL

Exhibit 4: Avg cons realisation decreased 4.6% QoQ on decline in steel prices



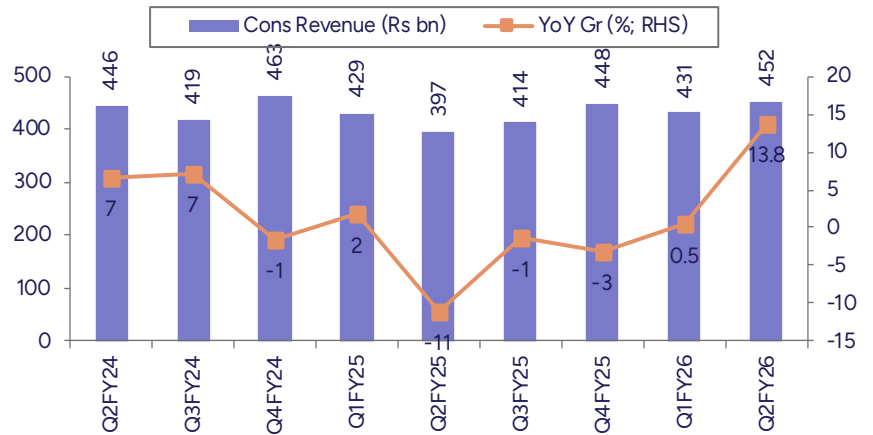
Source: Company, PL

Exhibit 5: Cons EBITDA/t grew 20.6% YoY on lower expenses and better mix



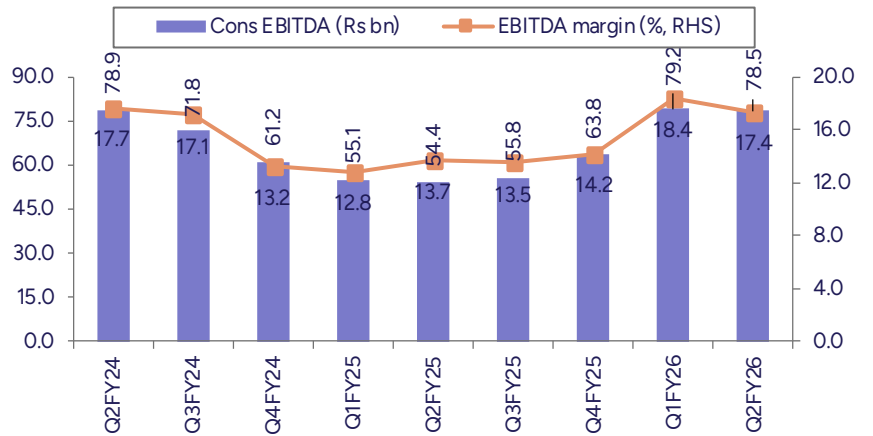
Source: Company, PL

Exhibit 6: Cons revenue grew on strong volume growth aided by JVML (Rs bn)



Source: Company, PL

Exhibit 7: Cons EBITDA grew 44% YoY on strong vol and lower mining royalties



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	1,688	1,895	2,142	2,394
YoY gr. (%)	(3.5)	12.3	13.0	11.7
Cost of Goods Sold	900	1,041	1,163	1,301
Gross Profit	788	854	980	1,093
Margin (%)	46.7	45.1	45.7	45.6
Employee Cost	48	54	58	61
Other Expenses	511	465	515	557
EBITDA	229	335	407	474
YoY gr. (%)	(18.9)	46.2	21.5	16.5
Margin (%)	13.6	17.7	19.0	19.8
Depreciation and Amortization	93	98	110	121
EBIT	136	236	297	353
Margin (%)	8.1	12.5	13.9	14.7
Net Interest	84	90	108	119
Other Income	7	7	10	11
Profit Before Tax	54	145	199	244
Margin (%)	3.2	7.6	9.3	10.2
Total Tax	16	45	54	66
Effective tax rate (%)	29.4	30.9	27.3	27.0
Profit after tax	38	100	145	178
Minority interest	0	1	1	1
Share Profit from Associate	(3)	(2)	(1)	0
Adjusted PAT	40	107	144	177
YoY gr. (%)	(51.4)	168.3	34.2	23.5
Margin (%)	2.4	5.7	6.7	7.4
Extra Ord. Income / (Exp)	(5)	(9)	-	-
Reported PAT	35	98	144	177
YoY gr. (%)	(60.2)	179.8	46.6	23.5
Margin (%)	2.1	5.2	6.7	7.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	35	98	144	177
Equity Shares O/s (m)	2	2	2	2
EPS (Rs)	16.3	43.8	58.8	72.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	1,738	1,938	2,158	2,378
Tangibles	1,738	1,938	2,158	2,378
Intangibles	-	-	-	-
Acc: Dep / Amortization	499	598	708	829
Tangibles	499	598	708	829
Intangibles	-	-	-	-
Net fixed assets	1,238	1,340	1,450	1,549
Tangibles	1,238	1,340	1,450	1,549
Intangibles	-	-	-	-
Capital Work In Progress	227	227	227	227
Goodwill	6	6	6	6
Non-Current Investments	163	163	163	163
Net Deferred tax assets	(84)	(84)	(84)	(84)
Other Non-Current Assets	36	36	36	36
Current Assets				
Investments	58	58	58	58
Inventories	350	384	450	501
Trade receivables	84	82	99	111
Cash & Bank Balance	133	143	96	85
Other Current Assets	70	66	74	81
Total Assets	2,394	2,534	2,687	2,845
Equity				
Equity Share Capital	3	3	3	3
Other Equity	792	883	1,019	1,189
Total Networth	795	886	1,022	1,192
Non-Current Liabilities				
Long Term borrowings	974	974	944	884
Provisions	14	14	14	14
Other non current liabilities	0	0	0	0
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	326	374	420	468
Other current liabilities	137	137	137	137
Total Equity & Liabilities	2,394	2,534	2,687	2,845

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	51	145	199	244
Add. Depreciation	93	98	110	121
Add. Interest	81	90	108	119
Less Financial Other Income	7	7	10	11
Add. Other	10	(7)	(10)	(11)
Op. profit before WC changes	236	326	407	474
Net Changes-WC	(7)	19	(44)	(22)
Direct tax	(20)	(45)	(54)	(66)
Net cash from Op. activities	209	300	309	386
Capital expenditures	(145)	(202)	(221)	(220)
Interest / Dividend Income	7	7	10	11
Others	(31)	-	-	-
Net Cash from Invt. activities	(170)	(194)	(211)	(209)
Issue of share cap. / premium	0	-	-	-
Debt changes	104	-	(30)	(60)
Dividend paid	(18)	(7)	(8)	(8)
Interest paid	(88)	(90)	(108)	(119)
Others	-	-	-	-
Net cash from Fin. activities	(3)	(96)	(145)	(187)
Net change in cash	36	9	(47)	(11)
Free Cash Flow	82	100	89	166

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	16.3	43.8	58.8	72.6
CEPS	54.4	84.1	103.6	122.3
BVPS	325.1	362.4	418.1	487.3
FCF	33.6	41.0	36.3	67.9
DPS	2.8	3.1	3.4	3.7
Return Ratio(%)				
RoCE	8.0	13.0	15.5	17.4
ROIC	6.4	10.1	12.3	13.7
RoE	5.1	12.7	15.1	16.0
Balance Sheet				
Net Debt : Equity (x)	1.0	0.9	0.8	0.6
Net Working Capital (Days)	23	18	22	22
Valuation(x)				
PER	71.4	26.6	19.8	16.1
P/B	3.6	3.2	2.8	2.4
P/CEPS	21.4	13.9	11.3	9.5
EV/EBITDA	15.9	10.8	9.0	7.6
EV/Sales	2.2	1.9	1.7	1.5
Dividend Yield (%)	0.2	0.3	0.3	0.3

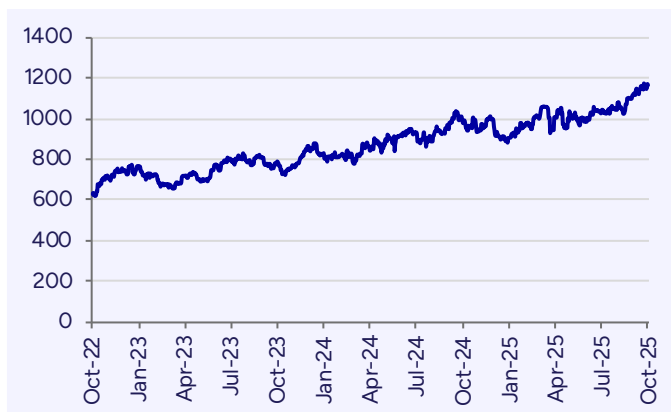
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	414	448	431	452
YoY gr. (%)	(1.3)	(3.1)	0.5	13.8
Raw Material Expenses	225	239	211	233
Gross Profit	189	209	220	219
Margin (%)	45.6	46.7	51.0	48.4
EBITDA	56	64	79	78
YoY gr. (%)	(22.3)	4.1	43.7	44.4
Margin (%)	13.5	14.2	18.4	17.4
Depreciation / Depletion	23	25	25	26
EBIT	32	39	54	53
Margin (%)	7.8	8.7	12.5	11.7
Net Interest	21	21	22	24
Other Income	1	2	4	3
Profit before Tax	12	20	32	24
Margin (%)	2.8	4.4	7.4	5.4
Total Tax	5	2	9	7
Effective tax rate (%)	39.2	11.6	27.2	28.7
Profit after Tax	7	17	23	17
Minority interest	-	-	-	-
Share Profit from Associates	-	(2)	(1)	(1)
Adjusted PAT	8	16	24	21
YoY gr. (%)	(67.0)	19.8	188.7	195.8
Margin (%)	1.9	3.5	5.7	4.7
Extra Ord. Income / (Exp)	(1)	(1)	(3)	(5)
Reported PAT	7	15	22	16
YoY gr. (%)	(70.3)	15.7	158.5	269.7
Margin (%)	1.7	3.4	5.1	3.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	7	15	22	16
Avg. Shares O/s (m)	2	2	2	2
EPS (Rs)	3.3	6.4	10.0	8.7

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-25	Hold	1,151	1,157
2	12-Sep-25	Hold	1,064	1,100
3	20-Jul-25	Hold	1,068	1,034
4	08-Jul-25	Hold	1,068	1,043
5	24-May-25	Accumulate	1,068	1,009
6	05-May-25	Accumulate	1,150	973
7	23-Apr-25	Accumulate	1,150	1,044
8	08-Apr-25	Accumulate	1,009	930
9	27-Jan-25	Hold	919	932
10	09-Jan-25	Hold	872	891

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,311	1,858
2	Adani Port & SEZ	BUY	1,777	1,400
3	Ambuja Cement	BUY	701	570
4	Dalmia Bharat	Accumulate	2,372	2,250
5	Hindalco Industries	BUY	883	768
6	Jindal Stainless	Hold	759	758
7	Jindal Steel	Accumulate	1,170	1,034
8	JSW Infrastructure	Accumulate	338	309
9	JSW Steel	Hold	1,151	1,157
10	National Aluminium Co.	BUY	280	217
11	NMDC	Accumulate	87	76
12	Nuvoco Vistas Corporation	Accumulate	459	412
13	Shree Cement	Accumulate	32,410	29,555
14	Steel Authority of India	Hold	139	133
15	Tata Steel	Accumulate	196	171
16	Ultratech Cement	Accumulate	13,599	12,175

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Tushar Chaudhari- MMS-Finance, Mr. Satyam Kesarwani- BFM, Passed CFA Level II, Mr. Pranav Iyer- BBA Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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