

July 20, 2025

Q1FY26 Result Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	1,068		1,068	
Sales (Rs. m)	1,981	2,245	1,981	2,244
% Chng.	-	-		
EBITDA (Rs. m)	370	450	370	450
% Chng.	-	0.1		
EPS (Rs.)	54.6	69.7	54.6	69.5
% Chng.	-	0.2		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	1,750	1,688	1,981	2,245
EBITDA (Rs. bn)	282	229	370	450
Margin (%)	16.1	13.6	18.7	20.1
PAT (Rs. bn)	82	40	134	170
EPS (Rs.)	34.0	16.3	54.6	69.7
Gr. (%)	131.4	(52.0)	234.6	27.5
DPS (Rs.)	7.3	2.8	2.5	2.5
Yield (%)	0.7	0.3	0.2	0.2
RoE (%)	11.5	5.1	15.6	17.0
RoCE (%)	13.0	8.0	15.2	18.1
EV/Sales (x)	1.8	2.0	1.7	1.5
EV/EBITDA (x)	11.4	14.5	8.9	7.3
PE (x)	30.4	63.4	18.9	14.8
P/BV (x)	3.2	3.2	2.7	2.3

Key Data

JSTL.BO | JSTL IN

52-W High / Low	Rs.1,075 / Rs.854
Sensex / Nifty	81,758 / 24,968
Market Cap	Rs.2,530bn / \$ 29,359m
Shares Outstanding	2,445m
3M Avg. Daily Value	Rs.1955m

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	4.9	13.8	11.1
Relative	4.5	6.7	10.5

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Higher pricing & volume led performance

Quick Pointers:

- The management guided for improved Q2 volumes, lower coking coal (up to USD5/t) and lower iron ore costs, partly offsetting weaker realizations.
- JSTL incurred M2M forex loss of Rs3.4bn on Euro loans due to sharp Euro appreciation and another Rs2bn costs due to plant shutdown in Q1FY26.

JSW Steel (JSTL) reported strong cons operating performance led by higher steel pricing. Cons volume grew 9.3% YoY aided by the ramping up of 5mtpa JVML capacity and strong domestic demand. Average cons NSR improved 7% QoQ on higher steel pricing across the regions. Decline in coking coal consumption cost by USD14/t was negated by higher shutdown costs, enabling JSTL to deliver cons EBITDA/t of Rs11,837 (adjusting for forex M2M loss of Rs3.43bn). Adj. std EBITDA/t was at Rs11,270, tad better than PLe of Rs11,087.

Steel prices have started correcting since Jun due to monsoon-led weakness in demand and cheaper imports, which would impact EBITDA/t going forward. Gol is watching the imports situation and can increase and extend safeguard duty implemented earlier. We believe a) ramping up of JVML having lower conversion cost, and b) rising proportion of VAP would drive earnings growth over FY25-27E; however, concerns over SC order remains. We expect volume/EBITDA CAGR of 12%/40% over FY25-27E. At CMP, the stock is trading at 8.9x/7.3x EV of FY26/27E EBITDA. Maintain 'Hold' with TP of Rs1,068, valuing at 7.5x EV of Mar'27E EBITDA.

Strong volume growth and higher prices drive cons revenue: Std revenue declined 3% YoY to Rs316bn (-3% QoQ; PLe Rs300bn) on lower YoY steel pricing and muted volume growth. Volumes grew 3% YoY to 5.26mt (PLe 5.08mt), while average realization grew 7% QoQ to Rs60,101/t (-6% YoY; PLe Rs59,137/t) as both flat and long steel prices improved during the quarter. BPSL volumes grew 4% YoY to 0.78mt (-17% QoQ). Cons sales volumes grew 9.3% YoY to 7.49mt aided by JVML volumes and strong domestic sales. Domestic volumes grew 13% YoY to 5.98mt, while exports declined 24% YoY to 0.45mt. Capacity utilization at India was 87% during 1Q vs 93% in 4Q. Going forward, BF#3 at Vijayanagar will undergo maintenance shutdown to increase capacity by 1.5mtpa from Sep'25. JVML capacity is being ramped up with the second converter at SMS getting commissioned in Q2FY26

EBITDA fueled by lower input costs and strong subsidiary performance: Std adjusted EBITDA grew 39% YoY to Rs59.3bn (+17% QoQ; PLe Rs56.34bn) on better pricing and lower mining royalties. EBITDA per ton grew 34% YoY to Rs11,270/t (+28% QoQ, PLe Rs11,087/t) adjusting for M2M loss. RM cost per ton declined 9% YoY to Rs29,981 on lower coking coal costs; P&F cost per ton declined 8% YoY to Rs5,323. Mining premium declined 44% YoY to Rs3,483/t on lower volumes from Odisha mines and surrender of Jajang mines. Other expenses per ton declined 16% YoY to Rs7,635. Indian operations benefitted from lower coking coal prices and

power costs on QoQ basis. Consolidated adj EBITDA grew 44% YoY to Rs79.2bn (+24% QoQ) on improved BSL and Coated subsidiaries performance.

BPSL, Ohio shine, but Italy continues to disappoint: Bhushan (BPSL) EBITDA grew 13% YoY to Rs7.6bn, while EBITDA/t improved 9% YoY to Rs9,744 on better NSR (+7% QoQ). Coated products EBITDA/t improved 8% QoQ to Rs5,082/t. US subsidiary (Ohio) EBITDA recorded marginal profits QoQ at USD5/t as prices improved 11% QoQ. Italy ops continue to disappoint with EBITDA of EUR1.4mn despite volume improvement.

Q1FY26 Conference Call Highlights:

- Domestic sales grew 12% YoY, which was much higher than industry growth of ~ 8% during the quarter.
- Capacity utilization at JSTL's Indian operations stood at 87%. Value-added and special products accounted for 64% of total sales.
- Capex during the quarter stood at Rs34bn. Revenue acceptances as of Q1FY26 were USD2.11bn.
- JSTL's board has approved a 0.6mtpa cold rolling complex at Khopoli with capabilities to produce galvanized, galvalume and zinc, and magnesium coated products, for appliances, general engineering and renewables.
- A 0.4mtpa continuous galvanizing line in Vijayanagar for advanced high-strength steel for the automotive industry, has also been approved.
- JSTL is also setting up a 0.55mtpa non-grain oriented electric steel facility at Vijayanagar, to be used for generators and motors.
- Fall in export volumes due to global challenges and ongoing geopolitical uncertainties has led to total inventory buildup reaching 2.4mt, increasing by 400kt during the quarter.
- The 2.5GW RE project is on track with 1GW expected to be achieved by Q2FY26. 800MW has been commissioned up to Q1, and the remaining is scheduled for Q2.
- Ramp-up of the 5mtpa JVML Vijayanagar expansion is underway. The second converter at SMS will be commissioned in Q2.
- The management has guided for improvement by Rs1,500/t from JVML ops vs Vijayanagar ops.
- JSTL has filed a review petition before the SC on 25th Jun'25, in respect of the SC judgment dated 2nd May'25 in the BPSL case. The CoC and RP have also filed separate review petitions. The review petitions will be listed in the SC in due course.
- JSTL has planned shutdown of BF#3 at Vijayanagar from Sep'25, which will upgrade furnace capacity by 1.5mtpa
- Dolvi Phase 3 expansion from 10mtpa to 15mtpa is on track for completion by Sep'27.

- The pricing environment in India remains soft due to the seasonal impact of the monsoon, which has disrupted construction activity, along with an influx of cheaper imports into the country.
- The slurry pipeline project is progressing on schedule and is expected to commence operations by Mar/Apr'27, with 190km out of the total 300km already completed. Upon completion, it is expected to help JSTL save Rs1,000/t.
- JSTL, in collaboration with the Government of Andhra Pradesh, is developing a beneficiation plant for magnetite ore, which will be enriched to 64% Fe grade. The plant will have a capacity of 5mtpa with an output of 1.5mtpa to be used at Vijayanagar plant, located ~600km from the mine.
- Coking coal costs declined by USD14/t during the quarter. Captive iron ore consumption during the quarter stood at 39%.
- JSTL will be commissioning 3 iron ore mines in Karnataka (KA) progressively during FY26, targeting 15mt of production from KA.
- JSTL will begin mining ops at Cudnem mine in Q3FY26, while the mines in Surla & Codli will commence production in H2FY27. Cumulatively, these 3 mines in Goa will produce ~3.7mtpa.
- The company has also secured a linkage for 5mtpa coal supply from Coal India. Additionally, it plans to secure 3-3.5mtpa of usable coking coal from domestic sources over the next 2-3 years.
- Net debt at the end of Q1FY26 stood at Rs798.5bn, up by ~Rs33bn QoQ largely on account of working capital buildup during the quarter.



Exhibit 1: Q1FY26 Consolidated Result Overview

Y/e March (Rs bn)	1QFY26	1QFY25	YoY gr. (%)	1QFY26E	Variance %	4QFY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Net Sales	431.5	429.4	0.5	443.0	(2.6)	448.2	(3.7)	1,981.0	1,688.2	17.3
Raw Material	205.8	224.6	(8.4)	226.0	(8.9)	233.2	(11.8)	1,063.7	891.5	19.3
<i>% of Net Sales</i>	<i>47.7</i>	<i>52.3</i>		<i>51.0</i>		<i>52.0</i>		<i>53.7</i>	<i>52.8</i>	
Purchase of traded goods	5.5	0.7	680.3	5.3	4.2	5.5	0.9		8.5	(100.0)
<i>% of Net Sales</i>	<i>1.3</i>	<i>0.2</i>		<i>1.2</i>		<i>1.2</i>		<i>0.0</i>	<i>0.5</i>	
Staff Costs	13.2	12.5	5.6	11.4	15.2	11.8	11.6	56.4	48.0	17.6
<i>% of Net Sales</i>	<i>3.1</i>	<i>2.9</i>		<i>2.6</i>		<i>2.6</i>		<i>2.8</i>	<i>2.8</i>	
Power & Fuel	41.3	39.1	5.6	41.4	(0.5)	42.8	(3.6)	189.7	161.6	17.4
<i>% of Net Sales</i>	<i>9.6</i>	<i>9.1</i>		<i>9.4</i>		<i>9.5</i>		<i>9.6</i>	<i>9.6</i>	
Mining premium and royalties	18.6	33.0	(43.6)	19.6	(5.1)	20.2	(8.1)		91.4	(100.0)
<i>% of Net Sales</i>	<i>4.3</i>	<i>7.7</i>		<i>4.4</i>		<i>4.5</i>		<i>0.0</i>	<i>5.4</i>	
Other Expenses	67.9	64.5	5.3	68.6	(1.1)	70.9	(4.2)	300.8	258.2	16.5
<i>% of Net Sales</i>	<i>15.7</i>	<i>15.0</i>		<i>15.5</i>		<i>15.8</i>		<i>15.2</i>	<i>15.3</i>	
Total Expenditure	352	374	(5.9)	372	(5.4)	384	(8.4)	1,611	1,459	10.4
EBITDA	79.2	55.1	43.7	70.6	12.2	63.8	24.2	370.3	229.0	61.7
<i>Margin (%)</i>	<i>18.4</i>	<i>12.8</i>		<i>15.9</i>		<i>14.2</i>		<i>18.7</i>	<i>13.6</i>	
Depreciation	25.4	22.1	14.8	23.0	10.4	25.0	1.6	98.3	93.1	5.6
Other income	3.5	1.6	113.4	1.7	107.2	2.3	52.2	7.2	6.9	4.4
EBIT	57	35	65.4	49	16.3	41	39.4	279	143	95.5
Interest	22.2	20.7	6.9	21.6	2.8	20.9	5.9	86.3	84.1	2.5
PBT	35.2	13.9	152.5	27.7	26.8	20.2	74.3	193.0	58.8	228.5
Extraordinary income/expense)	(3.4)	-	NA	-	NA	(0.4)	NA	(1.7)	(4.9)	NA
PBT (After EO)	32	14	127.9	28	14.4	20	60.8	191	53.9	255.1
Tax	8.6	5.1	68.2	9.7	(11.1)	2.3	276.9	57.4	15.9	261.9
<i>% PBT</i>	<i>27.2</i>	<i>36.9</i>		<i>35.0</i>		<i>11.6</i>		<i>30.0</i>	<i>29.4</i>	
Reported PAT	23.1	8.8	162.7	18.0	28.2	17.4	32.4	133.9	38.0	252
Minority interest	0.3	0.2	NA	0.5	NA	(0.0)	NA	0.5	(0.1)	NA
Share of profit/(losses) in Associates	(1.0)	(0.1)	NA	(0.1)	NA	(2.4)	NA	(1.6)	(3.1)	NA
Net Profit attributable to shareholders	21.8	8.5	158.5	17.4	25.4	15.0	45.3	131.9	35.0	276
Adjusted PAT	24.4	8.5	188.7	17.4	40.1	15.6	56.8	133.6	39.9	235

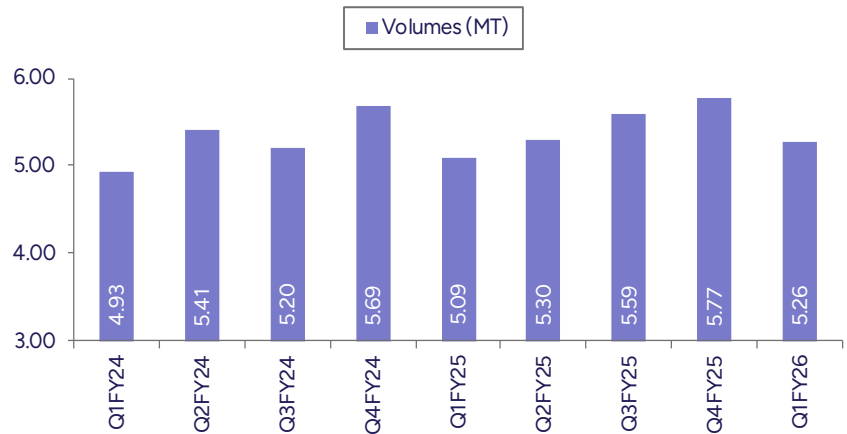
Source: Company, PL

Exhibit 2: Operating parameters (Standalone + BPSL)

Y/e March (Rs)	1QFY26	1QFY25	YoY gr. (%)	1QFY26E	Variance %	4QFY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Crude steel production (000 tons)	6,220	6,080	2.3	7,020	(11.4)	5,700	9.1	29,167	26,549	9.9
Sales (000 tons)	6,040	5,840	3.4	5,914	2.1	5,770	4.7	28,242	25,733	9.7
Realization per ton	62,089	69,170	(10.2)	60,441	2.7	56,276	10.3	57,906	57,382	0.9
EBITDA per ton	11,073	8,467	30.8	10,679	3.7	8,783	26.1	11,816	7,418	59.3

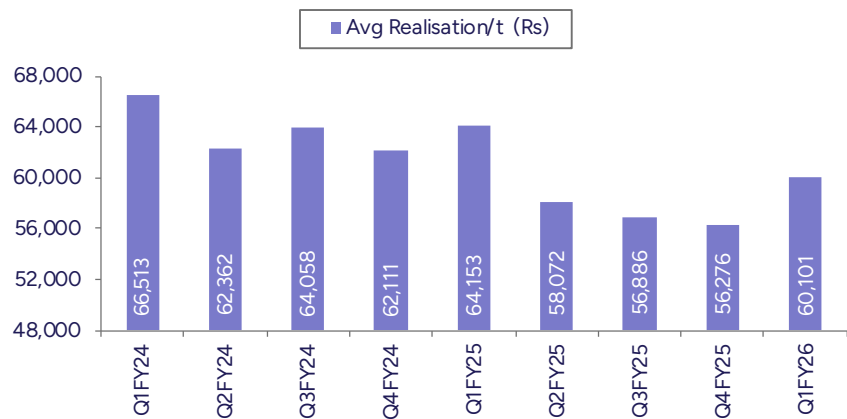
Source: Company, PL

Exhibit 3: Std volume grew 3.3% YoY on stable domestic demand



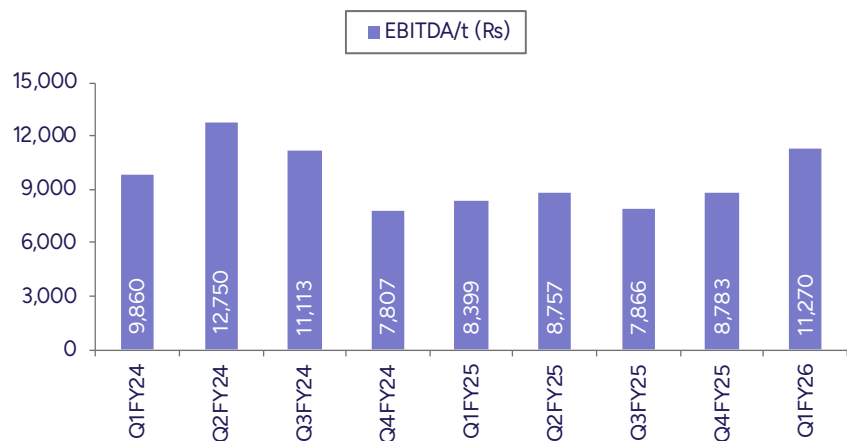
Source: Company, PL

Exhibit 4: Avg std realization improved 7% QoQ on strong steel pricing



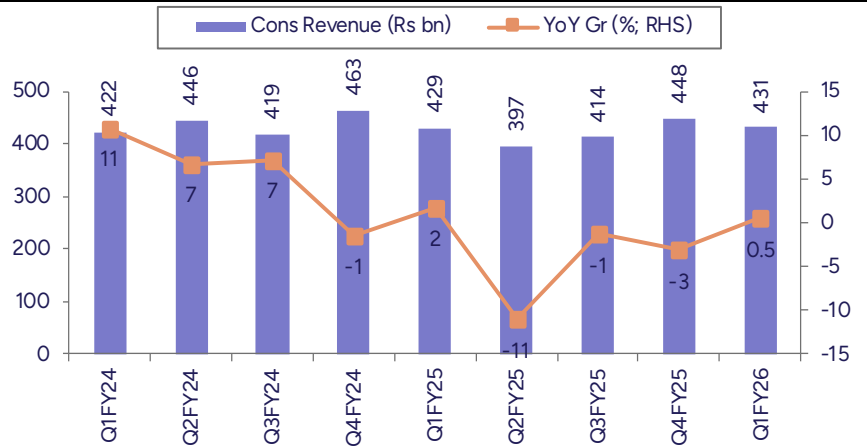
Source: Company, PL

Exhibit 5: Std EBITDA/t surged 34% YoY on lower RM costs & other expenses



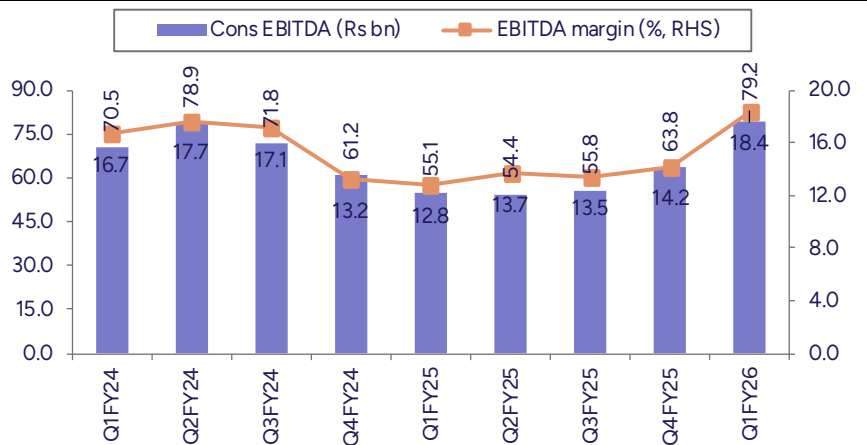
Source: Company, PL

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



Source: Company, PL

Exhibit 7: Cons EBITDA grew 44% YoY led by lower RM costs and better pricing



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	1,750	1,688	1,981	2,245
YoY gr. (%)	5.5	(3.5)	17.3	13.3
Cost of Goods Sold	917	900	1,064	1,192
Gross Profit	833	788	917	1,053
Margin (%)	47.6	46.7	46.3	46.9
Employee Cost	46	48	56	59
Other Expenses	505	511	491	543
EBITDA	282	229	370	450
YoY gr. (%)	52.2	(18.9)	61.7	21.6
Margin (%)	16.1	13.6	18.7	20.1
Depreciation and Amortization	82	93	98	109
EBIT	201	136	272	341
Margin (%)	11.5	8.1	13.7	15.2
Net Interest	81	84	86	110
Other Income	10	7	7	10
Profit Before Tax	136	54	191	241
Margin (%)	7.7	3.2	9.7	10.7
Total Tax	44	16	57	69
Effective tax rate (%)	32.5	29.4	30.0	28.7
Profit after tax	91	38	134	172
Minority interest	2	0	1	1
Share Profit from Associate	(2)	(3)	(2)	(1)
Adjusted PAT	82	40	134	170
YoY gr. (%)	131.4	(51.4)	234.6	27.5
Margin (%)	4.7	2.4	6.7	7.6
Extra Ord. Income / (Exp)	6	(5)	(2)	-
Reported PAT	88	35	132	170
YoY gr. (%)	112.6	(60.2)	276.3	29.2
Margin (%)	5.0	2.1	6.7	7.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	88	35	132	170
Equity Shares O/s (m)	2	2	2	2
EPS (Rs)	34.0	16.3	54.6	69.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	1,545	1,795	1,995	2,205
Tangibles	1,545	1,795	1,995	2,205
Intangibles	-	-	-	-
Acc: Dep / Amortization	427	520	618	727
Tangibles	427	520	618	727
Intangibles	-	-	-	-
Net fixed assets	1,118	1,275	1,377	1,478
Tangibles	1,118	1,275	1,377	1,478
Intangibles	-	-	-	-
Capital Work In Progress	304	210	210	210
Goodwill	6	6	6	6
Non-Current Investments	133	127	127	127
Net Deferred tax assets	(83)	(84)	(84)	(84)
Other Non-Current Assets	68	69	69	69
Current Assets				
Investments	0	58	58	58
Inventories	378	350	400	471
Trade receivables	75	84	86	105
Cash & Bank Balance	126	133	70	87
Other Current Assets	51	71	69	77
Total Assets	2,290	2,407	2,497	2,712
Equity				
Equity Share Capital	3	3	3	3
Other Equity	774	792	917	1,081
Total Network	777	795	920	1,084
Non-Current Liabilities				
Long Term borrowings	842	988	888	888
Provisions	15	14	14	14
Other non current liabilities	46	0	0	0
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	334	326	390	440
Other current liabilities	141	137	137	137
Total Equity & Liabilities	2,290	2,407	2,497	2,712

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	134	51	191	241
Add. Depreciation	82	93	98	109
Add. Interest	81	81	86	110
Less Financial Other Income	10	7	7	10
Add. Other	(11)	10	(7)	(10)
Op. profit before WC changes	285	236	369	450
Net Changes-WC	(136)	(7)	13	(47)
Direct tax	(28)	(20)	(57)	(69)
Net cash from Op. activities	121	209	325	334
Capital expenditures	(166)	(145)	(202)	(211)
Interest / Dividend Income	9	7	7	10
Others	10	(31)	-	-
Net Cash from Invt. activities	(146)	(170)	(194)	(201)
Issue of share cap. / premium	0	0	-	-
Debt changes	39	104	(100)	-
Dividend paid	(8)	(18)	(7)	(6)
Interest paid	(81)	(88)	(86)	(110)
Others	-	-	-	-
Net cash from Fin. activities	(50)	(3)	(193)	(116)
Net change in cash	(76)	36	(63)	17
Free Cash Flow	(37)	82	125	124

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	34.0	16.3	54.6	69.7
CEPS	67.8	54.4	94.8	114.2
BVPS	321.3	325.1	376.2	443.4
FCF	(15.4)	33.6	51.0	50.8
DPS	7.3	2.8	2.5	2.5
Return Ratio(%)				
RoCE	13.0	8.0	15.2	18.1
ROIC	9.6	6.4	11.4	13.9
RoE	11.5	5.1	15.6	17.0
Balance Sheet				
Net Debt : Equity (x)	0.9	1.0	0.8	0.7
Net Working Capital (Days)	25	23	18	22
Valuation(x)				
PER	30.4	63.4	18.9	14.8
P/B	3.2	3.2	2.7	2.3
P/CEPS	15.3	19.0	10.9	9.1
EV/EBITDA	11.4	14.5	8.9	7.3
EV/Sales	1.8	2.0	1.7	1.5
Dividend Yield (%)	0.7	0.3	0.2	0.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	397	414	448	431
YoY gr. (%)	(11.0)	(1.3)	(3.1)	0.5
Raw Material Expenses	211	225	239	211
Gross Profit	186	189	209	220
Margin (%)	46.8	45.6	46.7	51.0
EBITDA	54	56	64	79
YoY gr. (%)	(31.1)	(22.3)	4.1	43.7
Margin (%)	13.7	13.5	14.2	18.4
Depreciation / Depletion	23	23	25	25
EBIT	32	32	39	54
Margin (%)	8.0	7.8	8.7	12.5
Net Interest	21	21	21	22
Other Income	2	1	2	4
Profit before Tax	9	12	20	32
Margin (%)	2.1	2.8	4.4	7.4
Total Tax	4	5	2	9
Effective tax rate (%)	45.2	39.2	11.6	27.2
Profit after Tax	5	7	17	23
Minority interest	-	-	-	-
Share Profit from Associates	(1)	-	(2)	(1)
Adjusted PAT	7	8	16	24
YoY gr. (%)	(69.9)	(67.0)	19.8	188.7
Margin (%)	1.8	1.9	3.5	5.7
Extra Ord. Income / (Exp)	(3)	(1)	(1)	(3)
Reported PAT	4	7	15	22
YoY gr. (%)	(84.1)	(70.3)	15.7	158.5
Margin (%)	1.1	1.7	3.4	5.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4	7	15	22
Avg. Shares O/s (m)	2	2	2	2
EPS (Rs)	2.9	3.3	6.4	10.0

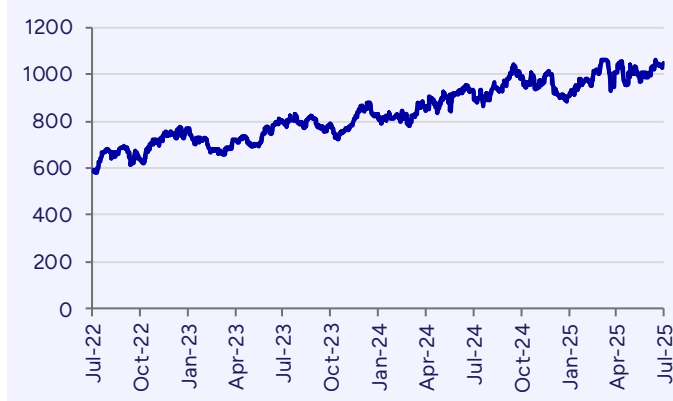
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Crude Steel Production (mt)	25.0	26.5	29.2	33.0
India Sales Volume incl BPSL (mt)	23.8	25.7	28.2	32.0
Realisation / tonne (Rs)	65,215	57,382	57,906	60,095
EBITDA / tonne (Rs)	11,466	7,418	11,816	11,428

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-25	Hold	1,068	1,043
2	24-May-25	Accumulate	1,068	1,009
3	05-May-25	Accumulate	1,150	973
4	23-Apr-25	Accumulate	1,150	1,044
5	08-Apr-25	Accumulate	1,009	930
6	27-Jan-25	Hold	919	932
7	09-Jan-25	Hold	872	891
8	26-Oct-24	Accumulate	1,014	944
9	07-Oct-24	Accumulate	1,106	1,034
10	21-Jul-24	Accumulate	1,022	890

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,602	1,965
2	Ambuja Cement	BUY	690	592
3	Dalmia Bharat	Accumulate	2,303	2,156
4	Hindalco Industries	Accumulate	738	692
5	Jindal Stainless	Hold	678	675
6	Jindal Steel & Power	Accumulate	1,008	954
7	JSW Steel	Hold	1,068	1,043
8	National Aluminium Co.	BUY	218	189
9	NMDC	Accumulate	73	68
10	Nuvoco Vistas Corporation	Accumulate	381	358
11	Shree Cement	Reduce	29,516	31,170
12	Steel Authority of India	Hold	136	133
13	Tata Steel	Accumulate	171	162
14	Ultratech Cement	Accumulate	13,668	12,345

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

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