BUY
TP: Rs 1,268 | ▲ 25%

JINDAL STEEL

| Metals & Mining | 23 October 2026

Results beat expectations on better volumes & pricing

- **Revenue grew by 42.7%YoY driven by strong volume growth of 27%YoY due to ramp up of commissioned asset; aided by realisation growth**
- **Demand outlook is positive and expect prices to improve further. Increase in coking coal prices remain a concern on input costs**
- **Maintain BUY; however considering elevated coking coal costs; revise TP down to Rs1,268 from Rs1,322**

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Revenue & EBITDA better than expectations: Revenue came at Rs166bn, (+42.7%YoY, +7.7%QoQ); 11% above our estimates. EBITDA came at Rs26bn (+23.6%YoY, -3.3%QoQ); 12% above our estimates. Better performance is due to the better-than-expected volume performance and realisation in the quarter.

Volumes: Sales volumes came at 2.38mnt, higher by 27%YoY – helped by a ramp-up in commissioned capacity of 6mnt. Volume growth was higher vs domestic industry consumption growth of 7%YoY for the quarter. Volumes increased 7% QoQ. Management guided sales volumes of 11.0mnt for FY27E vs 8.7mnt for FY26; a 26%YoY growth, implying better H2 volumes vs H1FY27.

Domestic pricing: Realisation increased 12%YoY to Rs70,078/t and higher by 1% QoQ due to benefit of better mix. Share of flats increased to 61% in Q2FY27 vs 50% in Q2FY26 and 53% in Q1FY27. Spot prices are better than Q2 average prices and management expects price performance to sustain on healthy demand in H2. EBITDA/t came at Rs10,529, higher by 5%YoY.

Ramp up of expanded capacity: The company commissioned 6mnt in Q4FY26, taking steel capacity from 9.6mnt to 15.6mnt. Ramp up of this capacity is progressing. It incurred a capex of Rs12bn in Q2 and total of Rs32bn in H1FY27. Guided a growth capex of Rs75-100bn every year.

Overall as asset ramp up, volume growth would likely be strong. However, risk is on coking coal cost increase which may have some impact of EBITDA growth.

Maintain BUY; revise TP downwards: Maintain BUY; however risk is increase in coking coal cost which may impact EBITDA growth; therefore we revise our TP to Rs1,268 from Rs1,322 earlier based on 7.5xEV/EBITDA on Sept.28E.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	JSP IN/Rs 1,016
Market cap	US$ 10.9bn
Free float	37%
3M ADV	US$ 10.8mn
52wk high/low	Rs 1,306/Rs 977
Promoter/FPI/DII	63%/9%/19%

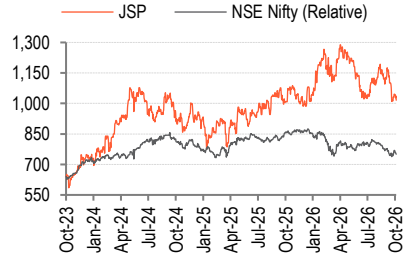
Source: NSE | Price as of 23 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	532,249	741,212	842,253
EBITDA (Rs mn)	96,595	140,062	180,982
Adj. net profit (Rs mn)	42,388	60,071	88,811
Adj. EPS (Rs)	41.7	59.0	87.3
Adj. ROAE (%)	8.6	11.2	14.6
Adj. P/E (x)	24.4	17.2	11.6
EV/EBITDA (x)	12.3	8.3	6.1
Adj. EPS growth (%)	4.3	41.7	47.8

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	**166,785**	**154,821**	**7.7**	**116,859**	**42.7**	**321,607**	**239,804**	**34.1**
EBITDA	**25,723**	**26,604**	**(3.3)**	**20,811**	**23.6**	**52,327**	**50,868**	**2.9**
EBITDA margin (%)	*15.4*	*17.2*	*(176bps)*	*17.8*	*(239bps)*	*16.3*	*21.2*	*(494bps)*
Depreciation	9,467	9,264	2.2	7,495	26.3	18,731	14,710	27.3
Interest	5,662	5,482	3.3	3,713	52.5	11,144	6,679	66.9
Other income	250	192	30.3	219	13.9	442	523	(15.6)
PBT	10,844	12,050	(10.0)	9,823	10.4	22,894	30,002	(23.7)
Tax	3,129	3,608	(13.3)	3,472	(9.9)	6,737	8,691	(22.5)
Reported PAT	7,744	8,448	(8.3)	6,382	21.3	16,192	21,322	(24.1)
PATM (%)	*4.6*	*5.5*	*(81bps)*	*5.5*	*(82bps)*	*5.0*	*8.9*	*(386bps)*
Reported EPS (Rs)	7.6	8.3	(8.3)	6.3	21.3	15.9	21.0	(24.1)

Source: Company

Fig 2 – Q2FY27 Actual vs Estimates

Particulars	Q2 Actual	Q2FY27E	VAR(%)
Revenue (Rs mn)	166,785	150,833	10.6
EBITDA (Rs mn)	25,723	22,900	12.3
EBITDA margin (%)	15.4	15.2	24bps
PAT (Rs mn)	7,744	6,675	16.0
EPS (Rs)	7.6	6.6	16.0

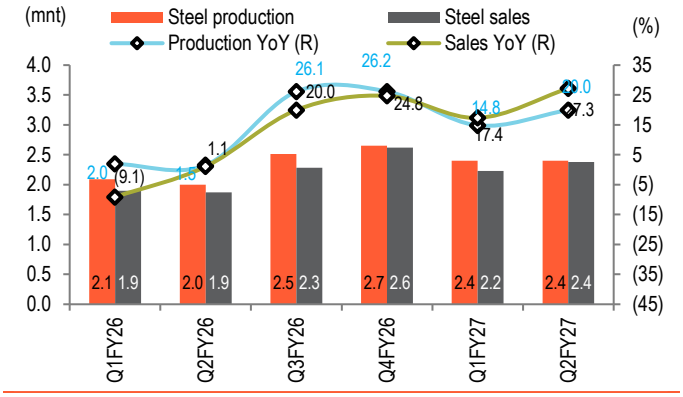
Source: Company, BOBCAPS Research

Fig 3 – Business performance

Particulars	Q2FY27	Q1FY27	QoQ (%)	Q2FY26	YoY (%)	H1FY27	H1FY26	YoY (%)
Sales volumes (mnt)	2.38	2.23	6.7	1.87	27.3	4.61	3.77	22.3
Production volumes (mnt)	2.40	2.40	0.0	2.00	20.0	4.80	4.09	17.4
Realization (Rs/t)	70,078	69,427	0.9	62,491	12.1	69,763	63,608	9.7
Adj. EBITDA (Rs/t)	10,529	11,937	(11.8)	10,010	5.2	11,351	13,493	(15.9)

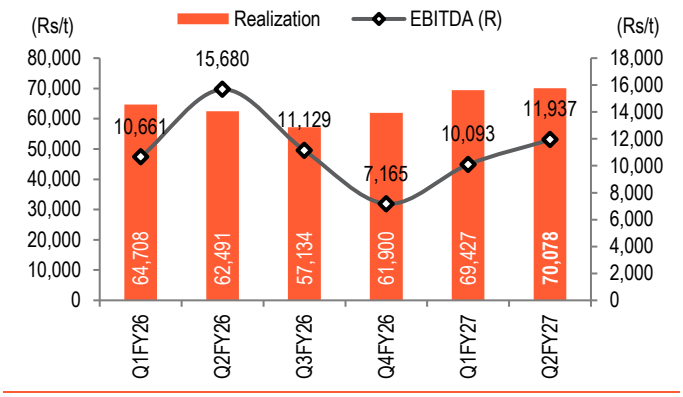
Source: Company

Fig 4 – Production and sales trend



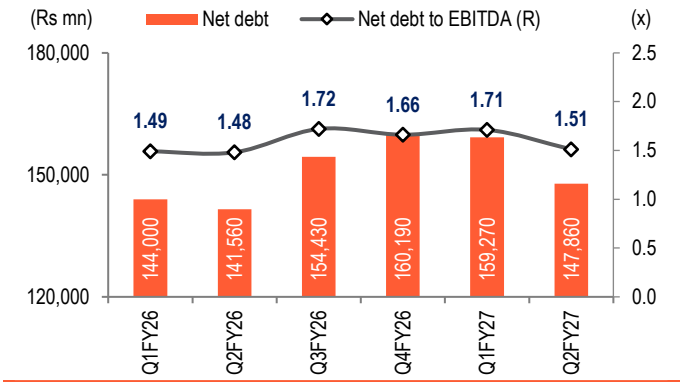
Source: Company

Fig 5 – Realisation & EBITDA trend



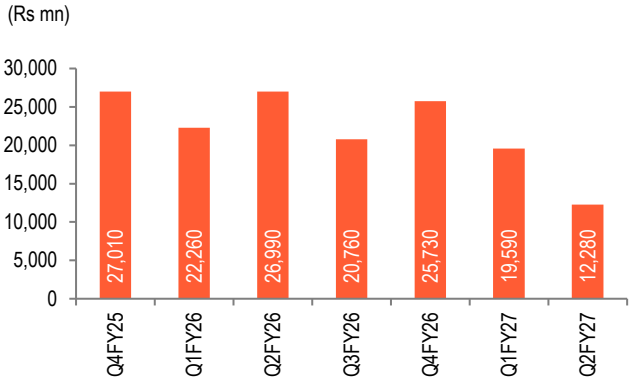
Source: Company

Fig 6 – Leverage



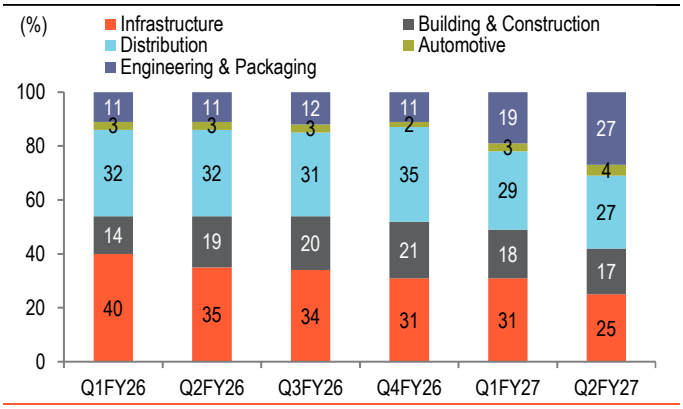
Source: Company

Fig 7 – Capex during the quarter



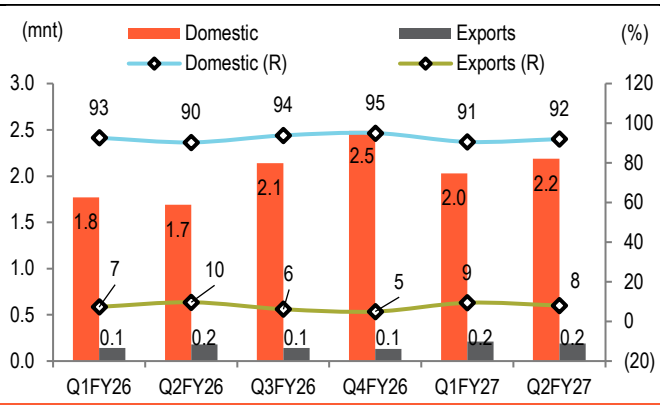
Source: Company

Fig 8 – Sectorwise sales mix



Source: Company

Fig 9 – Domestic-exports volumes mix (mnt & %)



Source: Company

Call Highlights

- **Volumes performance:** Jindal Steel's volume growth of 27% was much better vs industry growth of 7%YoY in Q2FY27 due to ramp up of expanded capacity of 6mnt for the company. Share of flats was at 61% vs 50% in Q2FY26. Exports share was 8% in Q2FY27. Management guided sales volumes of 11.0mnt for FY27E vs 8.7mnt for FY26; a 26%YoY growth, implying better H2 volumes vs H1FY27.
- **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:** Management commented that prices have improved and spot prices are higher than Q2 average prices. Spot prices are better than Q2 average prices and management expects price performance to sustain on healthy demand in H2.
- **Cost guidance:** The company has iron ore and coal assets. Management guided for an increase of USD20-USD25 in coking coal cost for Q3FY27 on QoQ basis. Management is optimistic on macro environment and pricing to cover upside in costs.
- **Projects:** The slurry pipeline project for transporting iron ore from Barbil to the Angul steel plant is commissioned. With a capacity of 18mnt, this is likely to result in cost savings of Rs700 per tonne with start of project.
- **Net debt:** Consolidated net debt reported decreased to Rs147bn from Rs159bn on June 26. It was Rs160bn on Mar.26.Net D/E stood at 0.3x .

Valuation Methodology

We are positive on the demand environment. Expansion project will contribute to incremental volumes in FY27E and onwards. However we have accounted for coking coal cost increase to have marginal impact on EBITDA.

We revise EBITDA numbers downwards on marginal increase in costs offset by steel realisation improvement in FY27E

- Steel prices : Price increase of 5.0%YoY vs earlier 2.0% for FY27E; increase of 2.0% vs earlier 2.5% for FY28E and increase of 2.0% vs earlier 2.3% for FY29E
- Volumes – No change in volumes
- Moderation in EBITDA/t: to account for cost increase primarily on coking coal and freight costs. EBITDA/t estimated at Rs12,899 vs earlier Rs14,091 for FY27E and Rs14,886 vs Rs15,785 for FY28E.

Fig 10 – Revision in estimates

(Rs mn)	Actual	New			Old			Change (%)		
	FY26A	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	532,249	741,212	842,253	891,738	721,238	823,242	873,578	2.8	2.3	2.1
EBITDA	96,595	140,062	180,982	208,890	152,997	191,911	221,514	(8.5)	(5.7)	(5.7)
EBITDA % margin	18.1	18.9	21.5	23.4	21.2	23.3	25.4	(232bps)	(182bps)	(193bps)
PAT	33,674	60,071	88,811	109,913	69,384	95,781	118,982	(13.4)	(7.3)	(7.6)
EPS (Rs)	33.1	59.0	87.3	108.0	68.2	94.1	116.9	(13.4)	(7.3)	(7.6)

Source: Company, BOBCAPS Research

Fig 11 – Key assumptions

Particulars	FY25	FY26	FY27E	FY28E	FY29E
USD-INR	83.0	90.0	97.0	97.0	97.0
Sales volumes (mn t)	8.0	8.7	10.9	12.2	12.7
Realisation (Rs/t)	62,440	61,319	64,385	65,673	66,986
% Growth YoY					
Volumes	3.9	8.9	25.1	12.0	4.1
Realisation	(4.3)	(1.8)	5.0	2.0	2.0
EBITDA/t (Rs)	**11,912**	**11,128**	**12,899**	**14,886**	**16,503**

Source: Company, BOBCAPS Research

EV/EBITDA-based Valuation Rationale

We maintain BUY; however risk is increase in coking coal cost increase which may impact EBITDA growth; therefore we revise e TP to Rs1,268 from Rs1,322 earlier based on 7.5xEV/EBITDA on Sept.28E. TP revision takes into account reduced 10% weightage to CWIP vs earlier 30% on commissioning of major capex project.

Fig 12 – Valuation summary

Particular	Sept 28E EBITDA (Rs mn)	Multiple (x)	EV (Rs mn)	Value (Rs/share)
Jindal Steel	194,936	7.5	1,462,020	1,437
Net debt			178,963	176
CWIP			7,265	7
Target price			**1,290,323**	**1,268**

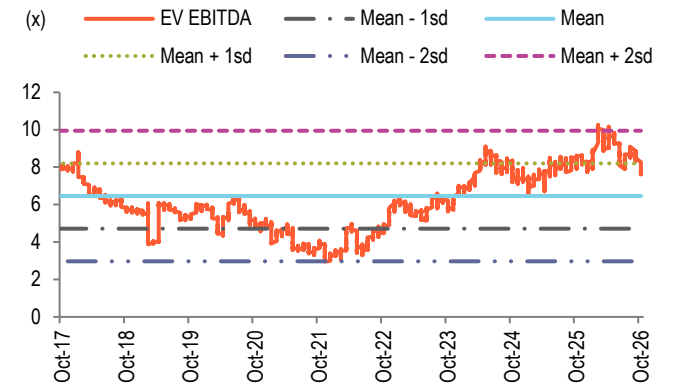
Source: , BOBCAPS Research

Key Risks

- **Ramp-up of commissioned expansion project:**

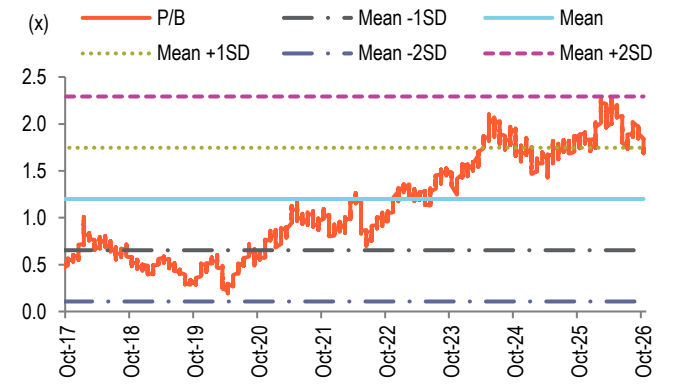
  Jindal Steel has expanded capacity by 6mnt from 9.6mnt to 15.6mnt in Mar.26. This will be steadily ramped up during FY27E, which will lead to incremental sales volumes supported by industry demand. Any delay in estimated level of ramp up would lead to lower-than-expected volumes estimated, and thereby, would likely have bearing on the growth trajectory.

Fig 13 – EV/EBITDA 1YF



Source – Bloomberg

Fig 14 – P/B 1YF



Source – Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**497,650**	**532,249**	**741,212**	**842,253**	**891,738**
EBITDA	94,942	96,595	140,062	180,982	208,890
Depreciation	(27,676)	(31,715)	(44,408)	(48,458)	(52,058)
EBIT	68,942	68,163	98,685	135,615	159,984
Net interest inc./(exp.)	(13,121)	(15,166)	(15,252)	(12,267)	(7,328)
Other inc./(exp.)	1,675	3,282	3,030	3,091	3,153
Exceptional items	(12,295)	(8,714)	0	0	0
EBT	43,526	44,283	83,432	123,348	152,657
Income taxes	(14,979)	(10,523)	(23,361)	(34,537)	(42,744)
Extraordinary items	(12,295)	(8,714)	0	0	0
Min. int./Inc. from assoc.	(91)	(151)	0	0	0
Reported net profit	**28,121**	**33,674**	**60,071**	**88,811**	**109,913**
Adjustments	12,295	8,714	0	0	0
Adjusted net profit	**40,416**	**42,388**	**60,071**	**88,811**	**109,913**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	57,125	87,777	122,239	138,902	147,063
Other current liabilities	68,714	67,993	67,993	67,993	67,993
Provisions	947	1,278	1,278	1,278	1,278
Debt funds	178,420	220,379	210,379	170,379	100,379
Other liabilities	78,995	81,782	81,782	81,782	81,782
Equity capital	1,012	1,018	1,018	1,018	1,018
Reserves & surplus	470,837	507,972	565,753	652,020	759,135
Shareholders' fund	474,193	518,410	576,191	662,458	769,573
Total liab. and equities	**858,394**	**977,618**	**1,059,861**	**1,122,791**	**1,168,067**
Cash and cash eq.	41,801	41,416	39,782	42,657	47,260
Accounts receivables	13,629	17,290	24,078	27,360	30,189
Inventories	56,102	80,228	111,725	126,956	136,858
Other current assets	46,543	67,215	67,215	67,215	67,215
Investments	4,956	10,606	10,606	10,606	10,606
Net fixed assets	474,023	625,330	670,922	712,464	740,406
CWIP	155,175	72,654	72,654	72,654	72,654
Intangible assets	15,310	15,141	15,141	15,141	15,141
Deferred tax assets, net	0	0	0	0	0
Other assets	38,430	37,015	37,015	37,015	37,015
Total assets	**858,394**	**977,618**	**1,059,861**	**1,122,791**	**1,168,067**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**109,296**	**67,511**	**115,907**	**147,687**	**164,728**
Capital expenditures	(104,858)	(99,318)	(90,000)	(90,000)	(80,000)
Change in investments	(13,821)	(9,667)	0	0	0
Other investing cash flows	6,249	6,140	0	0	0
Cash flow from investing	**(112,430)**	**(102,846)**	**(90,000)**	**(90,000)**	**(80,000)**
Equities issued/Others	9	6	0	0	0
Debt raised/repaid	19,456	41,959	(10,000)	(40,000)	(70,000)
Interest expenses	(13,121)	(15,166)	(15,252)	(12,267)	(7,328)
Dividends paid	2,024	2,035	2,289	2,544	2,798
Other financing cash flows	(3,676)	6,117	(4,579)	(5,088)	(5,596)
Cash flow from financing	**4,692**	**34,951**	**(27,542)**	**(54,811)**	**(80,126)**
Chg in cash & cash eq.	**1,559**	**(384)**	**(1,634)**	**2,876**	**4,602**
Closing cash & cash eq.	**41,800**	**41,416**	**39,782**	**42,657**	**47,260**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	27.8	33.1	59.0	87.3	108.0
Adjusted EPS	39.9	41.7	59.0	87.3	108.0
Dividend per share	2.0	2.0	2.3	2.5	2.8
Book value per share	466.3	500.2	557.0	641.8	747.1

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	2.4	2.2	1.6	1.3	1.2
EV/EBITDA	12.4	12.3	8.3	6.1	5.0
Adjusted P/E	25.4	24.4	17.2	11.6	9.4
P/BV	2.2	2.0	1.8	1.6	1.4

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	0.9	1.0	0.7	0.7	0.7
Interest burden (PBT/EBIT)	0.6	0.6	0.8	0.9	1.0
EBIT margin (EBIT/Revenue)	13.9	12.8	13.3	16.1	17.9
Asset turnover (Rev./Avg TA)	0.6	0.6	0.7	0.8	0.8
Leverage (Avg TA/Avg Equity)	1.8	1.9	1.9	1.8	1.6
Adjusted ROAE	8.8	8.6	11.2	14.6	15.6

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(0.5)	7.0	39.3	13.6	5.9
EBITDA	(6.9)	1.7	45.0	29.2	15.4
Adjusted EPS	(32.6)	4.3	41.7	47.8	23.8
Profitability & Return ratios (%)					
EBITDA margin	19.1	18.1	18.9	21.5	23.4
EBIT margin	13.9	12.8	13.3	16.1	17.9
Adjusted profit margin	8.1	8.0	8.1	10.5	12.3
Adjusted ROAE	8.8	8.6	11.2	14.6	15.6
ROCE	9.7	8.8	11.7	15.2	17.1
Working capital days (days)					
Receivables	10	12	12	12	12
Inventory	41	55	55	55	56
Payables	52	74	74	77	79
Ratios (x)					
Gross asset turnover	0.6	0.6	0.7	0.8	0.8
Current ratio	1.1	1.3	1.2	1.2	1.3
Net interest coverage ratio	5.3	4.5	6.5	11.1	21.8
Adjusted debt/equity	0.3	0.3	0.3	0.2	0.0

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%

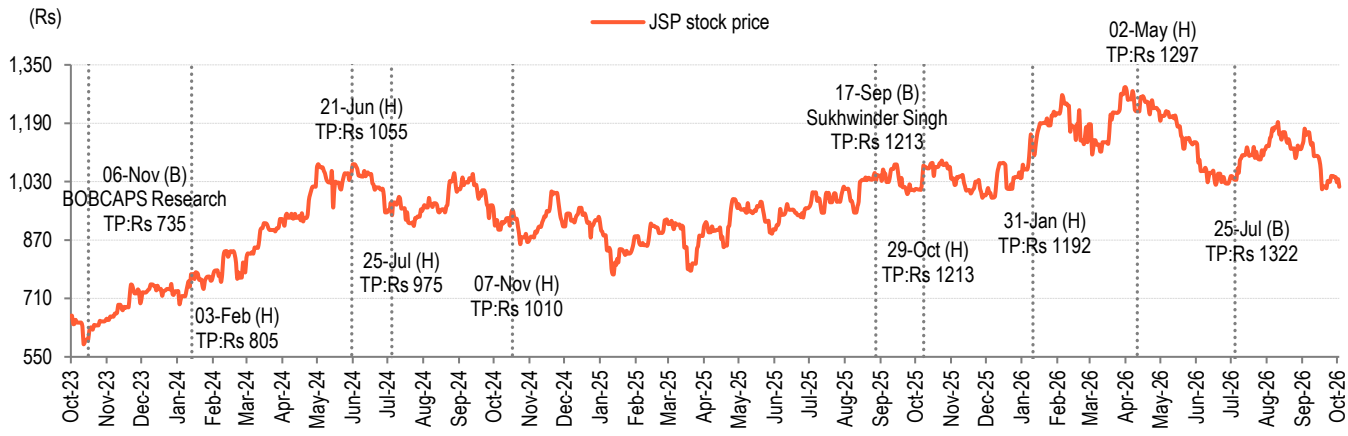
HOLD – Expected return from -6% to +15%

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): JINDAL STEEL (JSP IN)



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

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