

HOLD

TP: Rs 1,192 | ▲ 5%

JINDAL STEEL

| Metals & Mining

| 31 January 2026

Results lower than expectation on weak pricing & high cost

- Revenues grew by 10.9%YoY; EBITDA declined by 25.2%YoY, impacted by price fall of 7.6%YoY and a one-off capacity ramp-up cost
- Outlook positive with pricing improvement for Q4FY26, aided by safeguard duty imposed by government
- Maintain HOLD rating and considering 9M performance, revise TP to Rs1,192 from Rs1,213, based on 6.5x EV/EBITDA on Dec' 27 EBITDA

Sukhwinder Singh
 Research Analyst
 research@bobcaps.in

Results lower vs expectations: Revenue came at Rs130bn, (+10.9%YoY, +11.5%QoQ); 2% below our estimates. EBITDA came at Rs16bn (-25.2%YoY, -21.5%QoQ); 32% below our estimates. EBITDA/t was Rs7,165 - lower by 37.7%YoY vs Rs11,494 in Q3FY25. Lower-than-expected performance is due to lower-than-expected average realisation and higher cost for the quarter. Average realisation decreased by 7.6%YoY to Rs57,134 per tonne. Q3 had a one-time start-up cost of Rs3,500mn related to the ramp-up of expanded capacity. Adj. EBITDA/t was Rs8,520/t.

Volumes: Volumes came at 2.28mnt, higher by 20%YoY – helped by ramp-up in commissioned steel capacity of 3.0mnt in Q2FY26. Volume growth was higher vs domestic demand growth of 4.6% YoY. Volumes increased 21.9% QoQ. Maintained its guidance for 8.5-9.0mnt sales volume for FY26E.

Domestic pricing: Realisations decreased by 7.6%YoY and 8.6%QoQ to Rs57,134/t. This was impacted by lower by-product sales and shift in product mix. Spot HRC prices at Rs52,000/t. Prices have improved by Rs3,000-3,500/t since end of Dec'25. Management is positive on the pricing and expects the price improvement to sustain in Q4, on the back of a seasonally strong construction period.

Expansion project: The company is on track to reach 15.6mnt capacity by the end of FY26E from 12.6mnt; 3.0mnt is likely to be commissioned in Q4FY26.

Cost related to expansion ramp-up has got normalised. With a positive outlook on pricing and improved demand in Q4FY26 offset by some extent of coking coal cost hike, management expects Q4 spread to be better QoQ.

Maintain HOLD and revise TP: Outlook remains positive on pricing and demand. However, considering the 9M performance, we reduce TP and maintain HOLD rating. TP revised down to Rs1,192 from Rs1,213, based on 6.5x EV/EBITDA on Dec'27E EBITDA.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	JSP IN/Rs 1,132
Market cap	US\$ 12.6bn
Free float	38%
3M ADV	US\$ 17.5mn
52wk high/low	Rs 1,168/Rs 723
Promoter/FPI/DII	62%/10%/18%

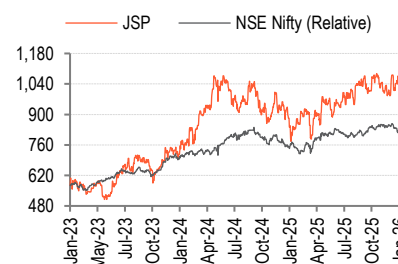
Source: NSE | Price as of 30 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	497,650	547,696	706,930
EBITDA (Rs mn)	94,942	94,660	157,548
Adj. net profit (Rs mn)	40,416	32,548	74,197
Adj. EPS (Rs)	39.9	32.2	73.3
Consensus EPS (Rs)	39.9	52.0	78.0
Adj. ROAE (%)	8.8	6.7	13.8
Adj. P/E (x)	28.3	35.2	15.4
EV/EBITDA (x)	13.6	13.6	7.9
Adj. EPS growth (%)	(32.6)	(19.5)	128.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance

Rs mn	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
Revenue	130,266	116,859	11.5	117,507	10.9	370,070	365,818	1.2
EBITDA	16,337	20,811	(21.5)	21,839	(25.2)	67,205	72,234	(7.0)
EBITDA margin (%)	12.5	17.8	(29.6)	18.6	(32.5)	18.3	19.7	(7.2)
Depreciation	8,387	7,495	11.9	6,981	20.1	23,097	20,769	11.2
Interest	4,065	3,713	9.5	3,128	29.9	10,743	9,705	10.7
Other income	95	219	(56.6)	264	(63.9)	619	957	(35.4)
PBT	3,982	9,823	(59.5)	11,993	(66.8)	33,983	42,717	(20.4)
Tax	1,503	3,472	(56.7)	2,485	(39.5)	10,194	11,225	(9.2)
Reported PAT	1,904	6,382	(70.2)	9,505	(80.0)	23,226	31,515	(26.3)
Exceptional item	(546)	0	NA	0		(546)	0	
Adjusted PAT	2,450	6,382	(61.6)	9,505	(74.2)	23,772	31,515	(24.6)
Adj. PATM (%)	1.5	5.5	(73.2)	8.1	(81.9)	6.4	8.5	(25.5)
EPS (Rs)	2.4	6.3	(61.6)	9.4	(74.4)	23.4	31.1	(25.0)

Source: Company

Fig 2 – Q3FY26 Actual vs Estimates

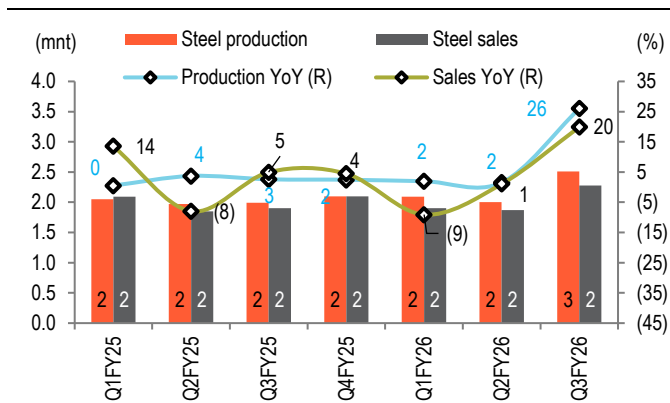
Particulars	Q3 Actual	Q3 FY26E	VAR(%)
Revenue (Rs mn)	130,266	132,913	(2.0)
EBITDA (Rs mn)	16,337	24,154	(32.4)
EBITDA margin (%)	12.5	18.2	-
PAT (Rs mn)	2,450	10,918	(77.6)
EPS (Rs)	2.4	10.7	(77.6)

Source: Company, BOBCAPS Research

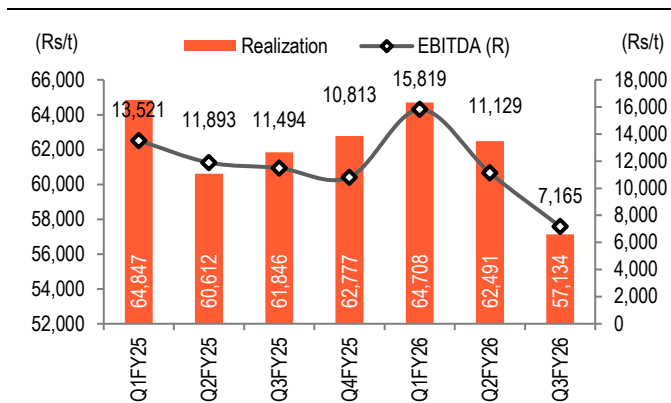
Fig 3 – Business performance

Particulars	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
Sales volumes (mn t)	2.28	1.87	21.9	1.90	20.0	6.06	5.85	3.6
Realization (Rs/t)	57,134	62,491	(8.6)	61,846	(7.6)	61,068	62,533	(2.3)
EBITDA (Rs/t)	7,165	11,129	(35.6)	11,494	(37.7)	11,090	12,348	(10.2)

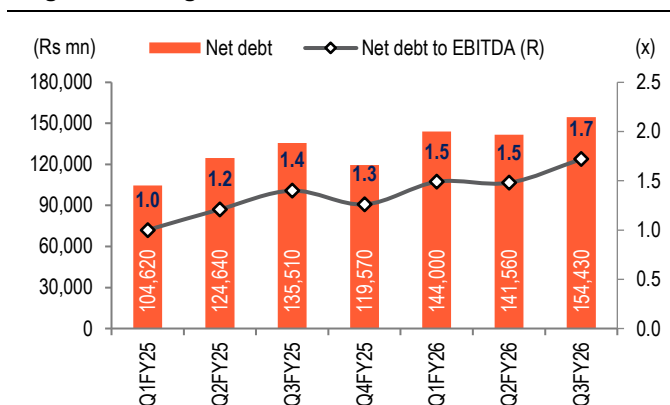
Source: Company

Fig 4 – Production and sales trend

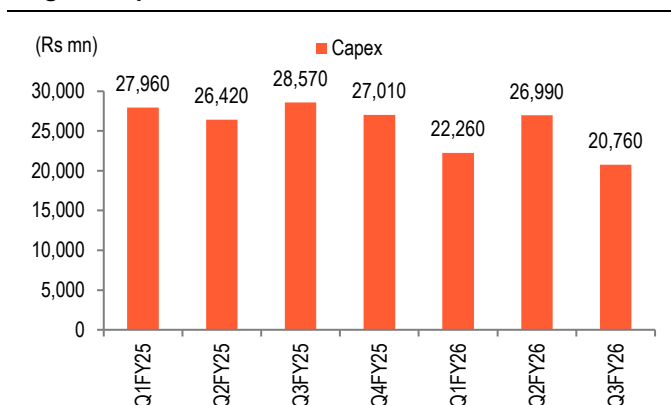
Source: Company

Fig 5 – Realisation & EBITDA trend

Source: Company

Fig 6 – Leverage

Source: Company

Fig 7 – Capex

Source: Company

Call Highlights

- **Demand environment:** Jindal Steel's volume growth of 20.0% was much better vs industry growth of 4.6% in Q3FY26. Share of domestic sales increased to 94% in Q3FY26 from 90% in Q2FY26. Ramp-up in commissioned capacity aided performance. Exports share was 6% vs 7% in Q2FY25; value added share 66% vs 60% in Q3FY25 and was 73% in Q2FY26. Management expects the demand to be good in Q4FY26 – a seasonally strong period.
- **Industry environment:** Safeguard duty was imposed in Dec'25 with 12% in the 1st year, starting April'26; 11.5% in the 2nd year while 11.0% in the 3rd. During Q3, domestic steel consumption rose by 4.6%YoY to 40.7mnt and crude steel production up 10.0%YoY to 42.5mnt. Steel imports fell by 42.4%YoY and 35.9%QoQ. 9M consumption grew by 7%YoY.
- **Pricing:** Management commented that prices have improved by Rs3,000-3,500/t since end of Dec'25 and expects price improvement to sustain in Q4.
- **Cost guidance:** The company has iron ore and coal assets. Coking coal mines – Two captive mines (Gare Palma and Utkal-C) are running near full capacity. Utkal-B1 mine (5.5mnt) has been opened and would benefit in coming quarters. Management guided for an increase of USD18-USD20 in coking coal cost for Q4FY26.
- **Capex:** The company incurred a capex of Rs20,760mn in Q3FY26 and Rs70,010mn in 9MFY26. Capex is driven by expansion projects at Angul. It has a commitment of annual growth capex of Rs75,000-Rs100,000mn.
- **Net debt:** Consolidated net debt increased to Rs154bn on Dec.25 from Rs151bn on Sept' 25. Net D/E stood at 0.3x and Net Debt/EBITDA at 1.7x. Targets to keep Net debt/EBITDA below 1.5x throughout investment cycle in next 2-3 quarters.

Valuation Methodology

We are positive on the demand environment and pricing. Expansion project will bring incremental volumes in FY27E.

Considering 9M performance, key changes are made in numbers.

Key changes in assumptions:

- Volumes – Estimate of 6.1% volumes growth vs the earlier 14.0% in FY26; 29.0% vs the earlier 16.5% for FY27E; 11.5% growth vs the earlier 11.0% for FY28E.
- Pricing – Estimate decline of 1.5% vs the earlier positive 1.5% in FY26E; kept unchanged at 2.0% vs the earlier 2.0% in FY27E and revised to 2.5% vs the earlier 2.0% for FY28E.
- USD-INR assumption revised to Rs90.0 for FY26E; revised to Rs91.0 vs the earlier Rs90.0 for FY27E and revised to Rs91.0 vs the earlier Rs90.0 for FY28E.

Fig 8 – Revision in estimates

(Rs mn)	Actual	New				Old			Change (%)		
	FY25A	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	
Revenue	497,650	547,696	706,930	802,999	603,130	708,679	791,174	(9.2)	(0.2)	1.5	
EBITDA	94,942	94,660	157,548	191,048	133,635	176,270	195,808	(29.2)	(10.6)	(2.4)	
EBITDA % margin	19.1	17.3	22.3	23.8	22.2	24.9	24.7				
PAT	28,121	32,548	74,197	99,693	62,205	89,690	106,173	(47.7)	(17.3)	(6.1)	
EPS (Rs)	28	32	73	99	61	89	105	(47.7)	(17.3)	(6.1)	

Source: Company, BOBCAPS Research

Fig 9 – Key assumptions

Particulars	FY24	FY25	FY26E	FY27E	FY28E
USD-INR	82.8	83.0	90.0	91.0	91.0
Sales volumes (mn t)	7.7	8.0	8.5	11.0	12.2
Realisation (Rs/t)	63,214	60,399	59,493	60,683	62,200
% Growth YoY					
Volumes	(0.1)	3.9	6.1	29.0	11.5
Realisation	(2.9)	(4.5)	(1.5)	2.0	2.5
EBITDA/t (Rs)	13,303	11,216	11,652	14,433	15,705

Source: Company, BOBCAPS Research

EV/EBITDA-based Valuation Rationale

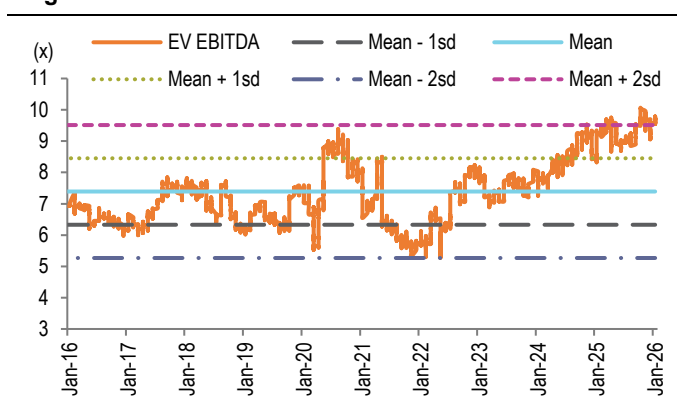
Considering the 9M performance, we reduce TP and maintain our HOLD rating. TP revised downwards to Rs1,192 from Rs1,213, based on 6.5x EV/EBITDA on Dec'27E EBITDA.

Fig 10 – Valuation summary

Particular	Dec. 27 EBITDA (Rs mn)	Multiple (x)	EV (Rs mn)	Value (Rs/share)
Jindal Steel	182,673	6.5	1,187,374	1,174
Net debt			136,619	135
CWIP			155,175	153
Target price			1,205,930	1,192

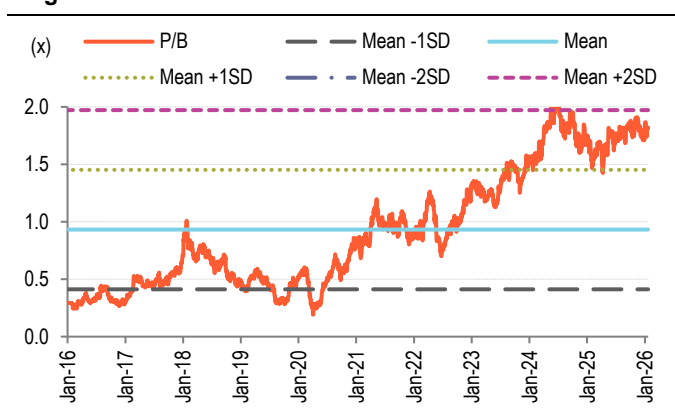
Source: , BOBCAPS Research

Fig 11 – EV/EBITDA 1YF



Source – Bloomberg

Fig 12 – P/B 1YF



Source – Bloomberg

Key Risks

- **Delay in the completion of ongoing expansion project:**

Jindal Steel is expanding capacity by 6mnt from 9.6mnt to 15.6mnt, which will be commissioned by the end of FY26E. Out of this, 12.6mnt has been achieved. Any delay in project commissioning and ramp-up will delay the business growth performance, in terms of volume growth, revenue and EBITDA growth.

- **Promoter's pledge of shares poses a risk:**

Promoters' shareholding is 62.4% in the company. Out of this, ~11.2% pledged with banks. Thus, this pledge poses a risk in case of a decline in demand and price realisation, which may breach some of the covenant ratios, as decided by the bank.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	582,859	497,650	547,696	706,930	802,999
EBITDA	102,007	94,942	94,660	157,548	191,048
Depreciation	(28,218)	(27,676)	(37,610)	(45,840)	(49,410)
EBIT	75,355	68,942	58,758	112,898	142,852
Net interest inc./(exp.)	(12,942)	(13,121)	(14,775)	(12,631)	(8,131)
Other inc./(exp.)	1,566	1,675	1,709	1,190	1,214
Exceptional items	0	(12,295)	0	0	0
EBT	62,413	43,526	43,983	100,266	134,720
Income taxes	(2,980)	(14,979)	(11,436)	(26,069)	(35,027)
Extraordinary items	0	(12,295)	0	0	0
Min. int./Inc. from assoc.	(1)	(91)	0	0	0
Reported net profit	59,384	28,121	32,548	74,197	99,693
Adjustments	0	12,295	0	0	0
Adjusted net profit	59,384	40,416	32,548	74,197	99,693

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	46,815	57,125	62,870	81,148	92,176
Other current liabilities	54,168	68,714	68,714	68,714	68,714
Provisions	734	947	947	947	947
Debt funds	158,963	178,420	189,420	168,420	108,420
Other liabilities	78,965	78,995	78,995	78,995	78,995
Equity capital	1,002	1,012	1,012	1,012	1,012
Reserves & surplus	442,158	470,837	500,855	572,017	668,169
Shareholders' fund	447,507	474,193	504,211	575,373	671,525
Total liab. and equities	787,152	858,394	905,157	973,597	1,020,776
Cash and cash eq.	40,241	41,801	24,161	26,129	39,257
Accounts receivables	16,645	13,629	13,499	17,424	19,791
Inventories	70,774	56,102	63,245	81,632	92,726
Other current assets	42,482	46,543	46,543	46,543	46,543
Investments	1,491	4,956	4,956	4,956	4,956
Net fixed assets	457,897	474,023	531,413	575,573	596,163
CWIP	88,720	155,175	155,175	155,175	155,175
Intangible assets	25,388	15,310	15,310	15,310	15,310
Deferred tax assets, net	0	0	0	0	0
Other assets	37,665	38,430	38,430	38,430	38,430
Total assets	787,152	858,394	905,157	973,597	1,020,776

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	69,430	109,296	83,665	128,635	154,801
Capital expenditures	(94,054)	(104,858)	(95,000)	(90,000)	(70,000)
Change in investments	886	(13,821)	0	0	0
Other investing cash flows	(4,026)	6,249	0	0	0
Cash flow from investing	(97,194)	(112,430)	(95,000)	(90,000)	(70,000)
Equities issued/Others	(3)	9	0	0	0
Debt raised/repaid	34,610	19,456	11,000	(21,000)	(60,000)
Interest expenses	(12,942)	(13,121)	(14,775)	(12,631)	(8,131)
Dividends paid	2,005	2,024	2,530	3,035	3,541
Other financing cash flows	(2,833)	(3,676)	(5,059)	(6,071)	(7,083)
Cash flow from financing	20,837	4,692	(6,304)	(36,667)	(71,673)
Chg in cash & cash eq.	(6,927)	1,559	(17,639)	1,968	13,128
Closing cash & cash eq.	40,241	41,800	24,161	26,129	39,257

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	59.2	27.8	32.2	73.3	98.5
Adjusted EPS	59.2	39.9	32.2	73.3	98.5
Dividend per share	2.0	2.0	2.5	3.0	3.5
Book value per share	442.1	466.3	496.0	566.3	661.4

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	2.2	2.6	2.4	1.8	1.4
EV/EBITDA	12.5	13.6	13.6	7.9	6.0
Adjusted P/E	19.1	28.3	35.2	15.4	11.5
P/BV	2.6	2.4	2.3	2.0	1.7

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	95.1	72.4	74.0	74.0	74.0
Interest burden (PBT/EBIT)	82.8	81.0	74.9	88.8	94.3
EBIT margin (EBIT/Revenue)	12.9	13.9	10.7	16.0	17.8
Asset turnover (Rev./Avg TA)	67.5	60.5	61.7	75.3	80.5
Leverage (Avg TA/Avg Equity)	1.8	1.8	1.8	1.7	1.6
Adjusted ROAE	14.3	8.8	6.7	13.8	16.1

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	(5.1)	(0.5)	9.3	30.0	13.6
EBITDA	2.7	(6.9)	(0.3)	66.4	21.3
Adjusted EPS	31.0	(32.6)	(19.5)	128.0	34.4
Profitability & Return ratios (%)					
EBITDA margin	17.5	19.1	17.3	22.3	23.8
EBIT margin	12.9	13.9	10.7	16.0	17.8
Adjusted profit margin	10.2	8.1	5.9	10.5	12.4
Adjusted ROAE	14.3	8.8	6.7	13.8	16.1
ROCE	11.8	9.7	7.8	14.2	17.0
Working capital days (days)					
Receivables	12	10	9	9	9
Inventory	52	41	42	42	42
Payables	43	52	51	54	55
Ratios (x)					
Gross asset turnover	0.7	0.6	0.6	0.8	0.8
Current ratio	1.1	1.1	1.0	1.0	1.1
Net interest coverage ratio	5.8	5.3	4.0	8.9	17.6
Adjusted debt/equity	0.3	0.3	0.3	0.2	0.1

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

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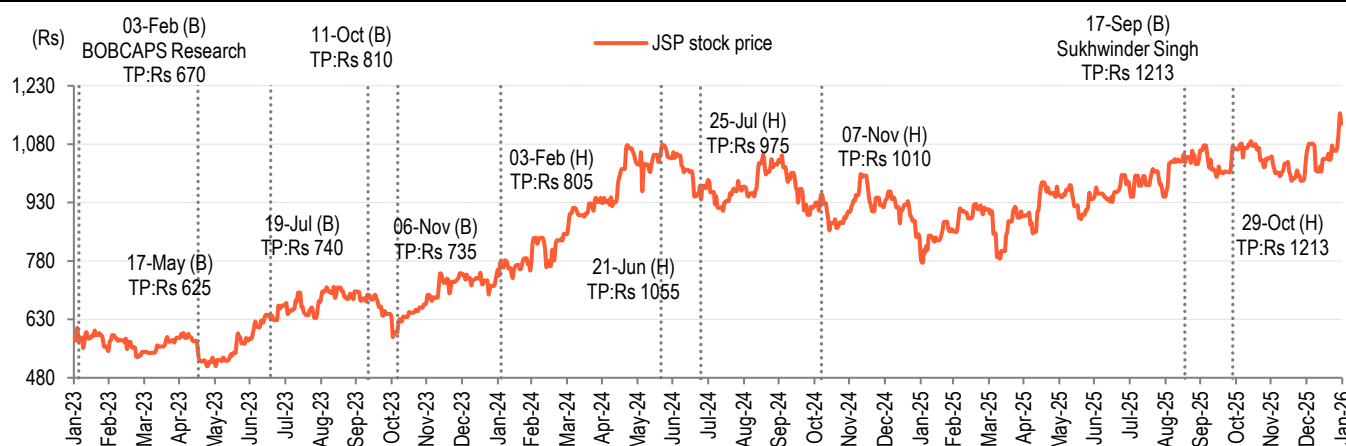
HOLD – Expected return from -6% to +15%

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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