

JINDAL STEEL

RESULT UPDATE


**BRAVE
HEART**

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	996
12 month price target (INR)	1,193
52 Week High/Low	1,074/723
Market cap (INR bn/USD bn)	1,016/11.6
Free float (%)	39.5
Avg. daily value traded (INR mn)	1,664.9

SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	62.4%	62.2%	61.2%
FII	9.8%	9.6%	11.0%
DII	18.1%	17.7%	17.3%
Pledge	9.8%	10.5%	10.6%

FINANCIALS

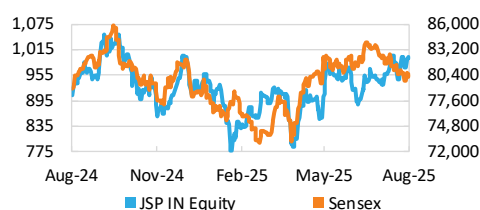
(INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Revenue	5,00,268	4,97,650	5,31,790	6,52,561
EBITDA	1,02,008	94,942	1,35,588	1,87,574
Adjusted profit	59,387	40,416	63,849	1,01,986
Diluted EPS (INR)	59.2	39.9	63.1	100.8
EPS growth (%)	31.0	(32.6)	58.0	59.7
RoAE (%)	14.2	6.2	12.7	17.5
P/E (x)	16.7	24.7	15.7	9.8
EV/EBITDA (x)	10.9	11.8	8.3	5.8
Dividend yield (%)	0.2	0.2	0.3	0.3

CHANGE IN ESTIMATES

(INR mn)	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	5,31,790	6,52,561	0.0	0.0
EBITDA	1,35,588	1,87,574	0.0	0.0
Adjusted profit	63,849	1,01,986	0.0	0.0
Diluted EPS (INR)	63.1	100.8	0.0	0.0

PRICE PERFORMANCE



Sharp earnings revival likely in H2

Jindal Steel (JSL) reported better-than-expected Q1FY26 consolidated adjusted EBITDA of INR29.85bn (Nuvama estimate: INR26.2bn), up 20% QoQ, and EBITDA/t of INR15,680, up INR4,027 QoQ, driven by higher prices and lower CoP. Led by higher working capital, net debt increased by INR24.4bn to INR144bn.

JSL's EBITDA is poised to almost double by FY27E from FY25 on the back of commissioning of its 4.6mtpa blast furnace (in Aug-25) and 3mtpa BoF (by end-Q2FY26E). This will bolster volume CAGR to 19% over FY25–27E (versus a 1% CAGR over FY22–25). Net debt has peaked out and shall start reducing in ensuing quarters. We maintain estimates. Retain 'BUY' with a TP of INR1,193 at 7x FY27E EV/EBITDA.

Higher realisation and lower CoP lift adjusted EBITDA by 20% QoQ

Consolidated adjusted EBITDA at INR29.85bn surged 20% QoQ and **EBITDA/t to INR15,680/t**, up INR4,027/t QoQ, primarily driven by higher blended realisation (up 4% QoQ to INR64,589/t) as well as lower CoP. Coking coal cost fell by USD11/t QoQ, which led overall RM cost/t to decrease by ~INR2,200/t i.e. ~8% QoQ (adjusted with one-off of INR2.3bn in RM cost in Q4FY25). Due to the early onset of monsoon, it managed to sell 1.9mt, down 11.6% QoQ, which offset part of the gain. Coking coal cost is likely to be lower by USD5/t QoQ in Q2FY26.

Net debt/EBITDA jumps to 1.49x; peaks out

Driven by an increase in working capital (up ~INR29bn) and capex of INR22.3bn, consolidated net debt soared by INR24.4bn to INR144bn with net debt/EBITDA of 1.49x. Management reiterated 1.5x as peak net debt/EBITDA and ensured easing of working capital with release of inventory in ensuing quarters. JSL had completed ~60% (~INR281.5bn) of the ongoing capex of INR470bn by Q1FY26E. The remaining capex of INR188.5bn shall be completed by FY28E with a likely outlay of INR96bn/INR82bn in FY26E/27E. With an improvement in earnings, we reckon net debt/EBITDA shall fall from 1.49x in Q1FY26 to 0.4x in FY27E.

Project commissioning to begin in Q2FY26; H2FY26 shall benefit

Management informed that 4.6mtpa BF shall be commissioned in Aug-25 while 3mtpa BoF is likely to be commissioned by end-Q2FY26. They maintained FY26 sales volume guidance of 8.5–9mt (we are factoring in 9mt in FY26E). Captive coal mines provide 90–95% of requirement while commissioning of the new Utkal B1 (5.5mtpa) coal block in Q2FY26 shall lead to 100% captive fulfilment in thermal coal.

Financials

Year to March (INR mn)	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
Net Revenue	1,22,945	1,36,178	(9.7)	1,31,831	(6.7)
EBITDA	30,056	28,393	5.9	22,708	32.4
Adjusted Profit	14,940	13,402	11.5	8,901	67.9
Diluted EPS (INR)	14.8	13.2	11.5	8.8	67.9

Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Total operating income	5,00,268	4,97,650	5,31,790	6,52,561
Raw Material Cost	1,97,017	2,18,485	1,91,555	2,26,237
Employee costs	12,880	11,843	12,816	13,886
Other expenses	19,905	17,113	1,66,918	1,91,990
EBITDA	1,02,008	94,942	1,35,588	1,87,574
Depreciation	28,218	27,676	32,676	33,676
Less: Interest expense	12,942	13,121	14,625	14,625
Add: Other income	1,566	1,675	1,500	1,500
Profit before tax	62,414	55,821	89,787	1,40,773
Prov for tax	2,979	14,979	25,899	38,747
Less: Other adj	0	(12,295)	0	0
Reported profit	59,434	28,548	63,889	1,02,026
Less: Excp.item (net)	0	0	0	0
Adjusted profit	59,387	40,416	63,849	1,01,986
Diluted shares o/s	1,002	1,012	1,012	1,012
Adjusted diluted EPS	59.2	39.9	63.1	100.8
DPS (INR)	2.0	2.0	3.0	3.0
Tax rate (%)	4.8	26.8	28.8	27.5

Important Ratios (%)

Year to March	FY24A	FY25A	FY26E	FY27E
EBITDA margin (%)	20.4	19.1	25.5	28.7
Net profit margin (%)	11.9	8.1	12.0	15.6
Revenue growth (% YoY)	(5.1)	(0.5)	6.9	22.7
EBITDA growth (% YoY)	2.7	(6.9)	42.8	38.3
Adj. profit growth (%)	30.7	(31.9)	58.0	59.7

Assumptions (%)

Year to March	FY24A	FY25A	FY26E	FY27E
GDP (YoY %)	6.7	6.0	6.2	6.2
Repo rate (%)	6.5	6.0	5.0	5.0
USD/INR (average)	82.8	84.7	86.5	86.5
Steel sales (mt)	7.7	8.0	9.0	11.2
Blended steel realisation-derived (INR/t)	64,774	61,252	58,829	57,885
EBITDA/t	13,300	11,912	15,114	16,742
Net Debt/EBITDA (x)	1.1	1.3	0.9	0.4

Valuation Metrics

Year to March	FY24A	FY25A	FY26E	FY27E
Diluted P/E (x)	16.7	24.7	15.7	9.8
Price/BV (x)	2.2	2.1	1.9	1.6
EV/EBITDA (x)	10.9	11.8	8.3	5.8
Dividend yield (%)	0.2	0.2	0.3	0.3

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Share capital	1,002	1,012	1,012	1,012
Reserves	4,46,504	4,73,181	5,34,075	6,33,106
Shareholders funds	4,47,507	4,74,193	5,35,087	6,34,118
Minority interest	4,346	2,344	2,384	2,424
Borrowings	1,58,963	1,78,420	1,78,420	1,78,420
Trade payables	46,815	57,125	61,044	74,907
Other liabs & prov	59,966	59,492	59,492	59,492
Total liabilities	7,87,152	8,58,394	9,26,718	10,52,038
Net block	4,57,897	4,74,023	5,91,348	6,39,672
Intangible assets	33,337	27,938	27,938	27,938
Capital WIP	88,720	1,55,175	1,01,175	1,01,175
Total fixed assets	5,79,954	6,57,136	7,20,461	7,68,785
Non current inv	1,491	4,956	4,956	4,956
Cash/cash equivalent	51,030	58,853	53,696	98,889
Sundry debtors	16,645	13,629	14,570	17,878
Loans & advances	2,426	6,694	6,694	6,694
Other assets	1,11,473	96,280	1,04,525	1,29,584
Total assets	7,87,152	8,58,394	9,26,718	10,52,038

Free Cash Flow (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Reported profit	62,413	43,436	89,787	1,40,773
Add: Depreciation	28,218	27,676	32,676	33,676
Interest (net of tax)	12,942	13,121	0	0
Others	(216)	7,702	0	0
Less: Changes in WC	(36,522)	31,460	(2,726)	(5,514)
Operating cash flow	60,084	1,08,240	93,839	1,30,188
Less: Capex	(85,171)	(1,06,071)	(96,000)	(82,000)
Free cash flow	(25,087)	2,169	(2,161)	48,188

Key Ratios

Year to March	FY24A	FY25A	FY26E	FY27E
RoE (%)	14.2	6.2	12.7	17.5
RoCE (%)	13.4	10.9	15.2	20.3
Inventory days	47	47	40	38
Receivable days	10	11	10	9
Payable days	34	38	41	38
Working cap (% sales)	16.6	11.8	12.0	12.0
Gross debt/equity (x)	0.4	0.4	0.3	0.3
Net debt/equity (x)	0.2	0.3	0.2	0.1
Interest coverage (x)	5.7	5.1	7.0	10.5

Valuation Drivers

Year to March	FY24A	FY25A	FY26E	FY27E
EPS growth (%)	31.0	(32.6)	58.0	59.7
RoE (%)	14.2	6.2	12.7	17.5
EBITDA growth (%)	2.7	(6.9)	42.8	38.3
Payout ratio (%)	3.4	7.1	4.8	3.0

Exhibit 1: Consolidated financial snapshot

Year to March (INR mn)	Q1FY26	Q1FY25	% change	Q4FY25	% change	FY25	FY26E	FY27E
Net revenues	1,22,945	1,36,178	(9.7)	1,31,831	(6.7)	4,97,650	5,31,790	6,52,561
Raw material	46,652	63,701	(26.8)	59,207	(21.2)	2,18,485	1,91,555	2,26,237
Staff cost	3,047	3,022	0.8	2,983	2.1	11,843	12,816	13,886
Other expenditure	39,118	37,395	4.6	43,136	(9.3)	17,113	1,66,918	1,91,990
Total expenditure	92,889	1,07,785	(13.8)	1,09,124	(14.9)	4,02,708	3,96,202	4,64,987
EBITDA	30,056	28,393	5.9	22,708	32.4	94,942	1,35,588	1,87,574
Adjusted EBITDA	29,846	28,303	5.5	24,820	20.3	94,942	1,35,588	1,87,574
Depreciation	7,215	6,829	5.7	6,906	4.5	27,676	32,676	33,676
Interest	2,966	3,318	(10.6)	3,416	(13.2)	13,121	14,625	14,625
Other income	304	345	(11.9)	718	(57.7)	1,675	1,500	1,500
Profit Before Tax	20,179	18,591	8.5	13,104	54.0	55,821	89,787	1,40,773
Provision for Tax	5,219	5,211	0.1	3,754	39.0	14,979	25,899	38,747
Reported net profit	14,960	13,379	11.8	-2,944	(608.1)	28,548	63,889	1,02,026
Minority Int	20	-22	(189.7)	358	(94.4)	-	-	-
Adjusted Profit	14,940	13,402	11.5	8,901	67.9	40,416	63,849	1,01,986
No. of Diluted shares o/s (mn)	1,012	1,005	0.7	1,012		1,012	1,012	1,012
EPS (INR)	14.8	13.3	10.7	8.8	67.9	39.9	63.1	100.8
as % of net revenues								
Raw material	37.9	46.8		44.9		43.9	36.0	80.0
Staff costs	2.5	2.2		2.3		2.4	2.4	0.0
Other expenses	31.8	27.5		32.7		3.4	31.4	0.0
EBITDA	24.4	20.9		17.2		19.1	25.5	20.0
Reported net profit	12.2	9.8		(2.2)		5.7	12.0	9.7
Tax rate	25.9	28.0		28.6		26.8	28.8	25.2

Source: Company, Nuvama Research

Exhibit 2: Standalone quarterly financials

INR mn	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net sales	1,28,428	1,15,040	1,14,358	1,30,355	1,24,204
YoY (%)	4.3	(4.8)	(0.7)	(5.4)	(3.3)
QoQ (%)	(6.8)	(10.4)	(0.6)	14.0	(4.7)
Adj EBITDA	26,942	19,160	20,270	24,160	28,590
YoY (%)	1.1	(14.6)	(25.3)	(3.4)	6.1
QoQ (%)	7.7	(28.9)	5.8	19.2	18.3
Margins (%)	21.0	16.7	17.7	18.5	23.0
Other income	226	249	158	511	159
Interest	1,831	1,671	1,328	1,371	970
Depreciation	5,638	5,734	5,710	5,644	5,785
PBT	19,748	12,245	14,731	14,884	21,966
Tax	-5,183	-3,301	-3,103	-672	-5,727
Tax rate (%)	(26.2)	(27.0)	(21.1)	(4.5)	(26.1)
PAT	14,565	8,943	11,628	1,075	16,239
YoY (%)	4.1	(19.3)	(21.6)	(91.6)	11.5
QoQ (%)	13.7	(38.6)	30.0	(90.8)	1410.2
Margins (%)	11.3	7.8	10.2	0.8	13.1

Source: Company, Nuvama Research

Exhibit 3: Consolidated EBITDA/t rises 35% QoQ; net debt expands 20% QoQ led by rise in working capital

Particulars	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	QoQ (%)	YoY (%)
Sales volume (mt)	2.09	1.85	1.90	2.13	1.90	-10.6	-8.9
Realisation/t (INR)	61,449	62,184	60,188	61,199	65,250	6.6	6.2
Consol EBITDA/t (INR)	13,542	11,482	11,226	11,652	15,680	34.6	15.8
Consol Net debt (INR mn)	1,04,620	1,24,640	1,35,510	1,19,570	1,44,000	20.4	37.6
Capex (INR mn)	27,960	26,420	28,570	23,120	22,260	-3.7	-20.4

Source: Company, Nuvama Research

Q1FY26 conference call: Key takeaways

Quarterly performance

- Consolidated revenue decreased 7% QoQ to INR122.9bn primarily on account of a decrease in sales volume by 11% QoQ to 1.9mt. The volumes were lower owing to the early onset of monsoon while inventory piled up will be liquidated in ensuing quarters.
- Capacity utilisation was ~87% in Q1FY26 compared with ~88% in Q4FY25. The Raigad plant operated at ~95% capacity utilisation and the Angul plant at ~84% in Q1FY26.
- Product mix improved with VAP sales at 72% of total sales.
- The coking coal cost was down by USD11/t QoQ (versus guidance of USD10–15/t) while iron ore cost remained flat QoQ. It led to a cost reduction of INR500/t. Furthermore, on PCI mix, the company saved INR200/t. Apart from other items, there is saving of INR900–1,000/t QoQ.
- The longs/flat steel sales volume mix was 56%/44%.
- Interest cost at INR2.97bn was down 13% QoQ due to a fall in interest rate, saving on financial charges and refinancing of loan at a lower rate.
- As a result of lower CoP and higher steel realisation partially offset by lower volumes, consolidated adjusted EBITDA increased 20% QoQ to INR29.8bn and EBITDA/t increased INR4,027 QoQ to INR15,680/t.

Management guidance

- Management maintained guidance for steel production of 9–10mt and sales volume of 8.5–9mt in FY26.
- Coking coal cost is likely to fall further by USD5/t QoQ in Q2FY26. Current steel realisation is 5–7% lower than Q1FY26 average. However, management expects a recovery in demand in August from construction and yellow goods sector, which in turn will lead to prices firming up. Moreover, with a higher portion of value added products, the fall in price would be lower than that of the market.
- They guided for entire thermal coal requirement of 10–11mt to be sourced from captive mines Q3FY26 onwards.

Update on key expansion project

- Blast Furnace 2 (4.6mtpa) – Gas stove lit in Q4FY25. First hot metal tapping is likely in Aug-25.
- Basic oxygen furnace 2 (3mtpa) – It aims for commissioning by end-Q2FY26E.
- Utkal B1 coal block – It has received all approvals with EC limit of 5.5mtpa (reserves of 148mt at 15.25% premium). The company expects to start production in Q2FY26E and fully ramp up production by end-FY26E.
- 525MW (out of 1,050MW) thermal power plant –Phase 1 is ready and awaiting approval for consent to operate. It is putting up conveyor belt, which will help in minimal freight cost.

- Slurry pipeline –It is likely to be commissioned in Q4FY26 as a major hindrance is behind now. Another 3mtpa BoF (3) is likely to be commissioned by end-FY26 and 1.8mtpa DRI plant and 6mtpa pellet plant shall be commissioned in FY27.
- JSL has been allotted one iron ore and manganese mine (Roida-1) with EC limit of 3mtpa and having reserves of 126mt in Keonjhar district, Odisha. It won this mine at a premium of 117.5%. It has started extraction of iron ore and guided production of 1.6mt in FY26. This helps in securing supply, but may not have any major positive effect on financials. Its earlier 3mtpa Tensa iron ore mine (of old regime) is nearing exhaustion of reserves. It mined ~0.13mt in Q1FY26.
- It has commissioned 0.2mtpa galvanising line and colour coated line is likely to be commissioned in Q2FY26. Another line of galvanising and colour coated to be commissioned in H2FY26.

Others

- **Capex** – During Q1FY26, capex was INR22.26bn. It spent INR281.5bn (~60% of ongoing capex of ~INR470bn) until Q1FY26
- **Net debt** – Up INR24.4bn QoQ to INR144bn. **Working capital increased** by INR29bn in Q1FY26. Net debt/EBITDA rose to 1.49x (in Q4: 1.26x). Management guided they would not breach 1.5x net debt/EBITDA.

Exhibit 4: Key assumptions

Particulars	FY22	FY23	FY24	FY25	FY26E	FY27E
Steel sales (mt)	7.6	7.7	7.67	8.0	9.0	11.2
Blended steel realisation-derived (INR/t)	64,701	66,641	64,774	61,252	58,829	57,885
EBITDA/t	20,306	12,936	13,300	11,912	15,114	16,742
Net Debt/EBITDA (x)	0.6	0.7	1.1	1.3	0.9	0.4

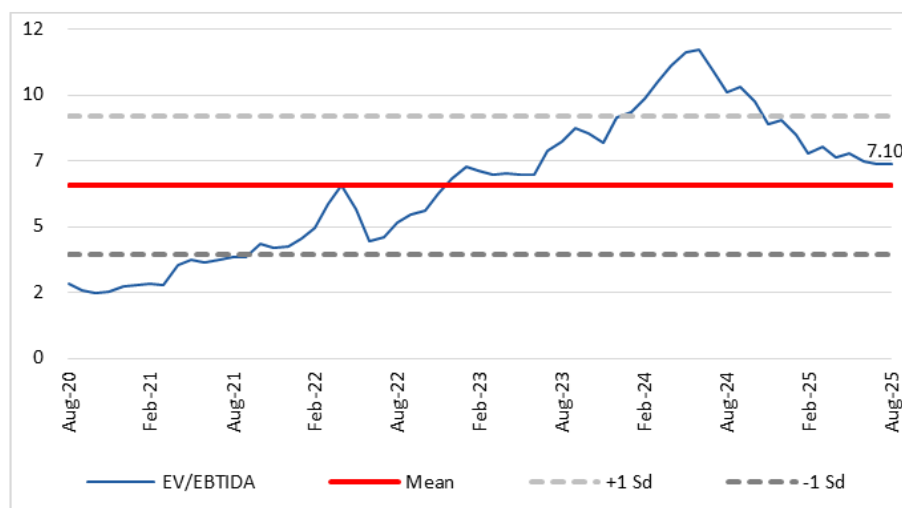
Source: Company, Nuvama Research

Exhibit 5: Valuation

Particulars (INR mn)	FY27E
EBITDA	1,87,574
Multiple (x)	7.0
EV	13,09,267
Average Net debt	1,02,127
Derived Market-Cap	12,07,140
No. of shares (mn)	1,012
Target Price (INR/share)	1,193

Source: Company, Nuvama Research

Exhibit 6: On 1Y forward EV/EBITDA, JSL trading above five-year average



Source: Company, Nuvama Research

Company Description

Jindal Steel and Power Limited (JSPL) is major long steel producer in India with 9.6mtpa capacity (~55% longs/45% flats) catering primarily to construction & infra segment. It meets its ~20% of iron ore requirement from captive mine (of old regime with no incremental premium) and meet 100% power from captive thermal power plants. It has coking coal mines too at Australia, Mozambique and South Africa. It won 4 thermal coal mines in India in FY23 which will satisfy ~100% of requirement at peak capacity. Its steel product mix category includes rails, parallel flange beams and columns, angles and channels, HR Plates, coils and wire rods.

Investment Theme

We expect EBITDA/t for JSPL to average between INR15-17k/t in FY26 & FY27 (FY13-22 average was INR12,734/t) which is primarily due to higher volume, saving on RM cost and improvement in product mix. The ongoing capex to expand capacity by 6.3mtpa (total capacity to reach 15.9mtpa), enhancement projects like galvanising and colour coated lines and supply chain projects is expected to be completed by FY28-end and funded via internal accruals. Benefits of captive thermal coal have started accruing from Q3FY24 onwards. Improved product mix, lower CoP (captive thermal coal and slurry pipeline for iron ore) should help improving margins profile on a structural basis at peak capacity, taking EBITDA/t to at least average INR12,000/t in weak macro scenario.

Key Risks

- Global recession leading to lower demand in India, thereby impacting volume
- Higher-than-expected fall in steel prices
- Continuous fall in real estate demand and lower infra demand in China
- Higher steel exports from China
- Delay in steel expansion and coalmine; any major acquisition at high cost

Additional Data

Management

Chairman	Naveen Jindal
Executive Director	Mr Sabyasachi Bandyopadhyay
Head Sales & Marketing	Mr Sushil Pradhan
Auditor	Lodha & Co

Holdings – Top 10*

	% Holding		% Holding
Kotak Mahindra	3.10	Blackrock inc	1.40
ICICI Prudentia	1.24	Vanguard	1.56
HDFC AMC	2.57	Mirae Asset	1.20
Dimentional Funds	0.69	Aditya Birla AMC	1.22
SBI Funds	1.06	DSP	0.94

*Latest public data

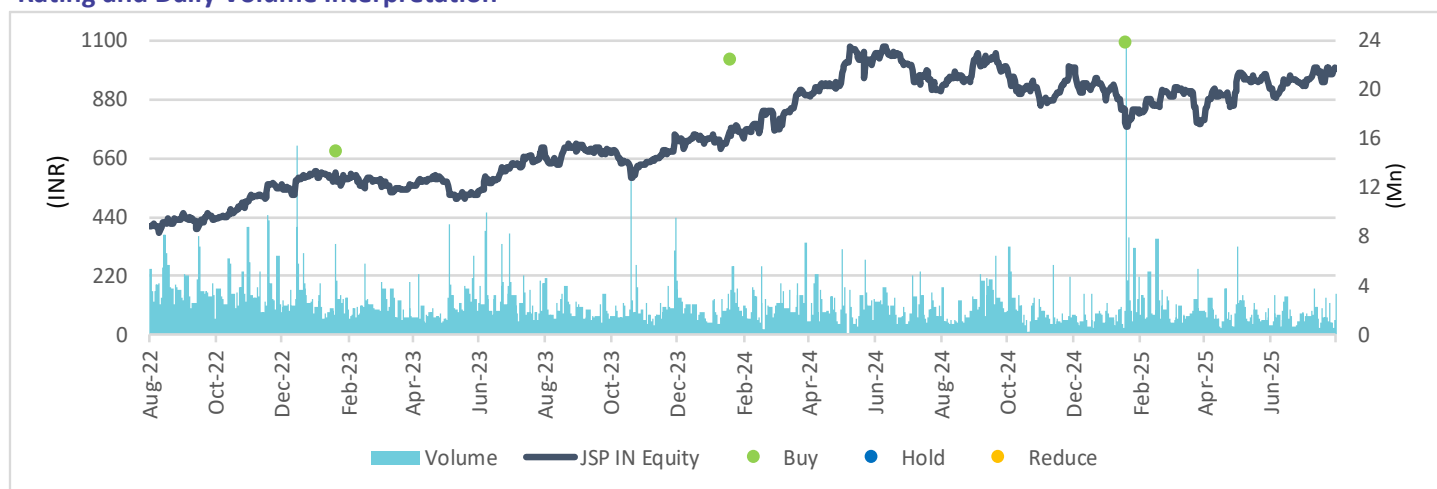
Recent Company Research

Date	Title	Price	Reco
23-Jun-25	Growth sheen: EBITDA to double by FY27; <i>Company Update</i>	899	Buy
01-May-25	Volume growth to resume; <i>Result Update</i>	892	Buy
30-Jan-25	Stable earnings; new capex announced; <i>Result Update</i>	910	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
13-Aug-25	NMDC	Volume growth to continue; <i>Result Update</i>
12-Aug-25	Hindalco	India firm; Novelis bottoming out; <i>Result Update</i>
11-Aug-25	Hindalco	Earnings bottom out; recovery by Q4; <i>Result Update</i>

Rating and Daily Volume Interpretation



Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	198
Hold	<15% and >-5%	70
Reduce	<-5%	36

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