

Jindal Steel (JINDALST) - BUY

Q2FY26 Result Update

Current Market Price (CMP) Rs.1067	Fair Value (FV) Rs.1260
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Rationale:

- JSP's Q2FY26 adjusted EBITDA came 4% below our estimates on higher costs, partially offset by better realizations and volumes.
- JSP successfully commissioned Phase-1 of its BF/BOF expansion of 4.6/3 mtpa capacity in Q2FY26, with Phase-2 of its expansion on track to complete in 1HFY27E.
- We estimate a strong 21%/30% EBITDA/EPS CAGR over FY25-28E on volume ramp-up and margin expansion.
- A recovery in domestic steel prices after the festive season should aid margins in 2HFY26.
- We trim earnings and revise Fair Value to Rs1,260 on rollover. Maintain BUY.

(CAGR - Compound Annual Growth Rate, EBITDA - Earnings Before Interest, Taxes, Depreciation, and Amortization, EPS- Earning Per Share)

👍 Positives:

- Combination of improved prices and range-bound costs should improve margins in 2HFY26E.
- Management maintained previous guidance of 9-10 mn tons of production and 8.5-9 mn tons of sales in FY26.
- Net debt decreased qoq to Rs14160 cr in Q2FY26 (Rs144 bn in Q1FY26).

👎 Negatives:

- EBITDA miss on higher costs partially offset by better realizations and volumes.
- Sales volumes decreased 1.6% qoq to 1.87 mn tons (+1.1% yoy), and were impacted by seasonality and lower production.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months