

Jindal Steel & Power

Estimate change

TP change

Rating change



Bloomberg	JSP IN
Equity Shares (m)	1020
M.Cap.(INRb)/(USD\$)	913.6 / 10.8
52-Week Range (INR)	1097 / 723
1, 6, 12 Rel. Per (%)	-5/-3/-11
12M Avg Val (INR M)	2123
Free float (%)	37.8

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	498	591	751
EBITDA	97	128	174
APAT	43	61	96
Adj. EPS (INR)	41.4	59.2	93.1
EPS Gr. (%)	(29.1)	43.0	57.3
BV/Sh. (INR)	466	520	603

Ratios

Net D:E	0.2	0.3	0.2
RoE (%)	9.1	12.0	16.6
RoCE (%)	10.3	13.4	18.0
Payout (%)	10.0	10.0	10.0

Valuations

P/E (x)	21.5	15.1	9.6
P/BV (x)	1.9	1.7	1.5
EV/EBITDA(x)	10.6	8.3	5.9
Div. Yield (%)	0.5	0.7	1.0
FCF Yield (%)	0.2	(0.3)	6.0

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	62.2	61.2	61.2
DII	17.7	17.3	14.7
FII	10.4	11.8	13.7
Others	9.7	9.8	10.4

FII includes depository receipts

CMP: INR896

TP: INR1050 (+17%)

Buy

Volume-driven outperformance; margins in line

- Jindal Steel & Power (JSP)'s revenue grew 12% QoQ to INR132b (-2% YoY) vs. our estimate of INR121b, fueled by a robust volume growth (9% beat).
- Adj. EBITDA stood at INR24.8b up 14% QoQ and 2% YoY, against our est. of INR22.7b (10% beat). EBITDA/t stood at INR11,650/t in line with our est. of INR11,599/t during the quarter.
- In 4QFY25, JSP's reported EBITDA included an FX gain of INR200m and one-offs under other costs of INR2.3b. Further, JSP has reported a provision of INR12.29b as an exceptional item during the quarter, towards diminution in the value of investments in its overseas subsidiaries (Australian mines).
- APAT for the quarter stood at INR11b (+18% YoY and +16% QoQ) against our est. of INR9.6b in 4QFY25.
- Production and sales stood at 2.11MT (+3% YoY) and 2.13MT (+6% YoY), respectively, in 4QFY25. The share of exports was 3% in 4QFY25 vs. 7% in 3Q. ASP came in-line at INR61,890/t (-8% YoY and flat QoQ) in 4QFY25.
- For FY25, revenue stood at INR498b (flat YoY), while EBITDA declined 5% YoY to INR97b, and APAT declined 28% YoY to INR43b.
- In FY25, JSP's production grew 2% YoY to 8.12MT and sales rose 4% YoY to 7.97MT. The share of exports was 6% in FY25 vs. 9% in FY24.

Highlights from the management commentary

- The company expects 9-10mt of crude steel production for FY26, with incremental steel production of 0.2-0.3mt coming from existing plants and 0.7-1.6mt from new expansion.
- JSP expects finished steel sales of 8.5-9mt for FY26; the lag between production and sales will be due to the ongoing ramp-up.
- Coking coal costs declined by USD11/t in 4QFY25, and management expects a further moderation of USD10-12/t in 1QFY26. Earnings are expected to be better in 1QFY26, driven by healthy volumes, better NSR, and lower costs.

Valuation and view

- JSP reported a decent 4Q performance that was above our estimates, led by robust volumes. Earnings should improve going ahead, aided by volume ramp-up, NSR recovery, and muted costs.
- With the completion of its ongoing Angul expansion, JSP's crude steel capacity will rise 65% to 15.9mtpa and finished steel capacity will increase 90% to 13.8mtpa, providing significant headroom for earning growth.
- The company has reduced its debt significantly, with a net debt-to-EBITDA ratio of 1.26x as of end-4Q. JSP aims to keep the debt level in check ahead.
- We trim our EBITDA estimates by 5% each for FY26 and FY27, factoring in the gradual ramping of new capacities and market volatility over global trade tension. **We reiterate our BUY rating with a revised TP of INR1,050, based on 6.5x FY27E EV/EBITDA.**

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

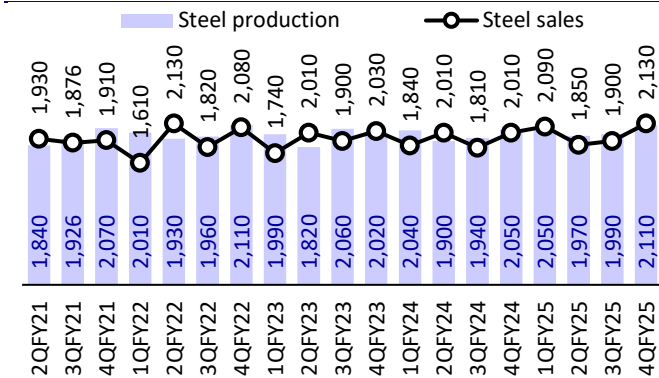
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Consolidated quarterly performance
(INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25	Vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Sales (kt)	1,840	2,010	1,810	2,010	2,090	1,850	1,900	2,130	7,670	7,970	1,953	9.1
Change (YoY %)	5.7	-	(4.7)	(1.0)	13.6	(8.0)	5.0	6.0	(0.1)	3.9		
ASP	68,415	60,946	64,648	67,099	65,157	60,612	61,846	61,893	65,224	62,440	61,810	0.1
Net Sales	125.9	122.5	117.0	134.9	136.2	112.1	117.5	131.8	500.3	497.6	120.7	9.2
Change (YoY %)	(3.5)	(9.4)	(6.0)	(1.5)	8.2	(8.5)	0.4	(2.3)	(5.1)	(0.5)		
Change (QoQ %)	(8.1)	(2.7)	(4.5)	15.3	1.0	(17.7)	4.8	12.2				
Total Expenditure	99.6	99.6	88.6	110.4	107.8	90.1	95.7	107.0	398.2	400.6		
EBITDA	26.3	22.9	28.4	24.4	28.4	22.0	21.8	24.8	102.1	97.1	22.7	9.6
Change (YoY %)	(23.6)	18.3	19.6	11.8	8.0	(3.7)	(23.2)	1.5	2.7	(4.9)		
Change (QoQ %)	20.2	(13.0)	24.4	(14.0)	16.2	(22.5)	(0.7)	13.6				
EBITDA/t	14,283	11,372	15,705	12,162	13,585	11,893	11,494	11,651	13,306	12,177	11,599	0.4
Interest	3.3	3.3	3.2	3.2	3.3	3.3	3.1	3.4	12.9	13.1		
Depreciation	5.9	6.0	6.4	9.9	6.8	7.0	7.0	6.9	28.2	27.7		
Other Income	0.6	0.3	0.4	0.3	0.3	0.3	0.3	0.7	1.6	1.7		
PBT (before EO item)	17.7	13.8	19.3	11.6	18.6	12.1	12.0	15.2	62.5	57.9		
Extra-ordinary Income	-	-	-	-	-	-	-	(14.4)	-	(14.4)		
PBT (after EO item)	17.7	13.8	19.3	11.6	18.6	12.1	12.0	0.8	62.5	43.5		
Total Tax	0.7	(0.1)	(0.0)	2.3	5.2	3.5	2.5	3.8	3.0	15.0		
% Tax	4.2	(0.4)	(0.1)	19.8	28.0	29.1	20.7	463.7	4.8	34.4		
PAT (before MI/Sh. Asso.)	16.9	13.9	19.3	9.3	13.4	8.6	9.5	(2.9)	59.5	28.5		
MI - Loss/(Profit)	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)	0.0	0.4	0.0	0.3		
Associate	(0.0)	(0.0)	0.0	0.0	(0.0)	-	0.0	(0.1)	(0.0)	(0.1)		
PAT (after MI and Sh. of Asso.)	16.9	13.9	19.3	9.4	13.4	8.6	9.5	(3.4)	59.4	28.1		
Adjusted PAT	16.9	13.9	19.3	9.4	13.4	8.6	9.5	11.0	59.4	42.5	9.6	14.9
Change (YoY %)	15.3	102.2	114.9	51.8	(20.6)	(38.0)	(50.7)	17.7	62.3	(28.4)		
Change (QoQ %)	173.8	(17.7)	38.9	(51.5)	43.3	(35.8)	10.4	15.8				

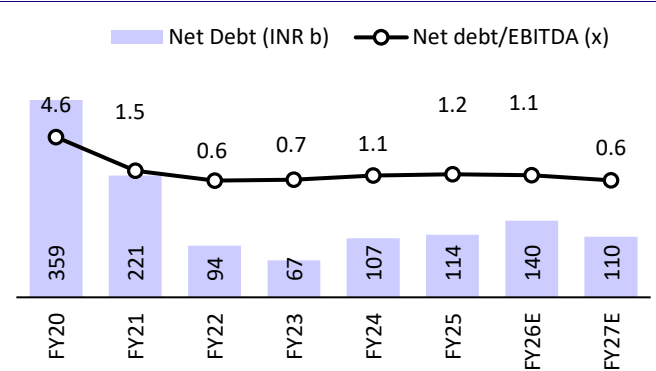
Story in charts

Exhibit 1: Production volume grew QoQ in 4QFY25



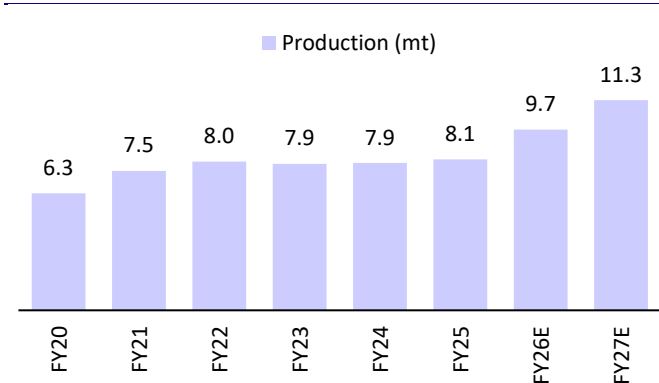
Source: MOFSL, Company

Exhibit 2: Net debt/EBITDA likely to reduce



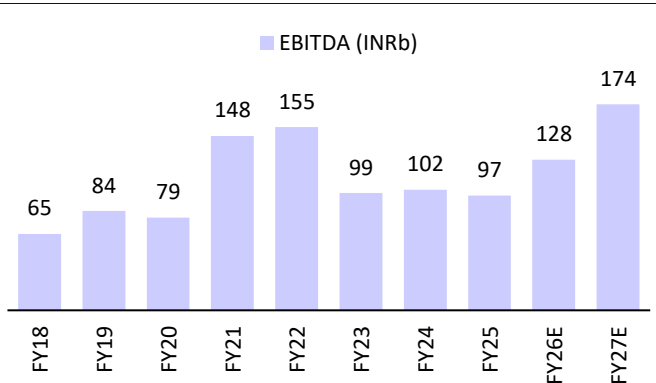
Source: MOFSL, Company

Exhibit 3: Volume to hit 11mt led by the Angul expansion



Source: MOFSL, Company

Exhibit 4: EBITDA to improve from FY26 on better volumes



Source: MOFSL, Company



Key highlights from the management commentary

Guidance

- The company expects 9-10mt of crude steel production for FY26 with the incremental steel production of 0.2-0.3mt coming from existing plants and 0.7-1.6mt from new expansion.
- JSP expects finished steel sales of 8.5-9mt for FY26; the lag between production and sales will be due to the ongoing ramp-up.
- Coking coal costs declined by USD11/t in 4QFY25 and Management expects a further moderation of USD10-12/t in 1QFY26. Earnings are expected to be better in 1QFY26, driven by healthy volumes, better NSR, and lower costs.
- Chinese steel prices have declined further after the announcement of safeguard duties, which remain a key concern for the domestic steel players. Chinese steel prices are expected to remain stable and no further decline is expected in the near future. In Europe and other regions, prices have started moving upwards.

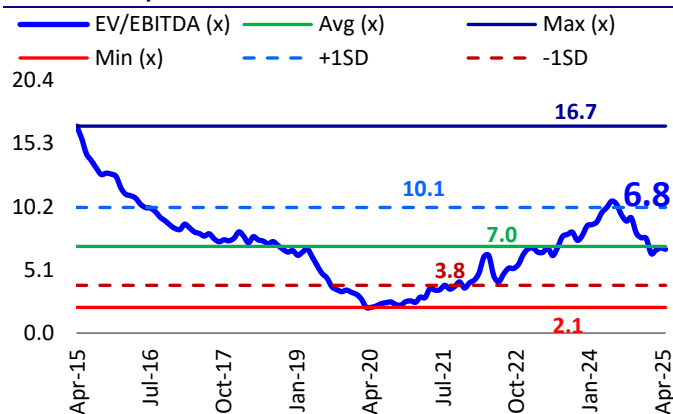
Capex and timelines

- In 4QFY25, the company spent ~INR23.1b primarily on Angul capex. Out of the total ~INR470b capex announced for growth and sustenance, JSPL has spent ~INR259b so far and the remaining will be spent over FY26-28E.
- JSP acquired Allied Strips Limited (ASL) for cash consideration of INR2.17b in Apr'25. ASL has a capacity of 0.54mt HRPO and 0.3mt CRFH/CRCA. The company is in the process of completing the integration of ASL with JSP, taking the total finish capacity to 14.45mt vs 13.75mt (post-Angul expansion).
- The company has started commissioning activities of BF-II and expects the first hot metal tapping in 1QFY26. BOF-II is in the last leg of commissioning and JSP targets to commission it in 2QFY26. Management expects the BOF-II to reach its optimum utilization level by FY26 end. The rest of the projects under the current expansion phase are progressing as per the timeline.
- The slurry pipeline completed 82% and is on track to get commissioned in 2HFY26.
- Currently, the Gara Palma IV/6 (4mtpa) and Utkal C (3.37mt) are the only operational coal mines running at par with the EC limit. Going forward, JSP plans to increase the EC limit of both coal mines to 5mtpa.
- JSPL has received all the mine opening approvals for Utkal B1 mines and management expects the coal extraction to start in 1HFY26. Utkal B2 is on track to get commissioned soon.

Other updates

- One-offs INR2.31b (incl. provision GST credits, inventory advancement, carbon credit, old receivable).
- The company revalued its Australian subsidiaries at USD150m and incurred the Impairment provision during the quarter, going forward management does not expect any further impairment.
- HRC sales stood at 350kt in 4QFY25 and the company holds a finished goods inventory of 200kt.
- Net debt stood at INR120b as of 4QFY25 vs. INR136b in 3QFY25. JSP's net debt/EBITDA stood at 1.26x as of 4QFY25 as compared to 1.4x in 3QFY25. Management's target is to remain below 1.5x net debt/EBITDA throughout the capex phase.

Exhibit 5: EV/EBITDA is near LTA



Source: MOFSL, Company Data

Exhibit 6: P/B ratio slipped from the peak

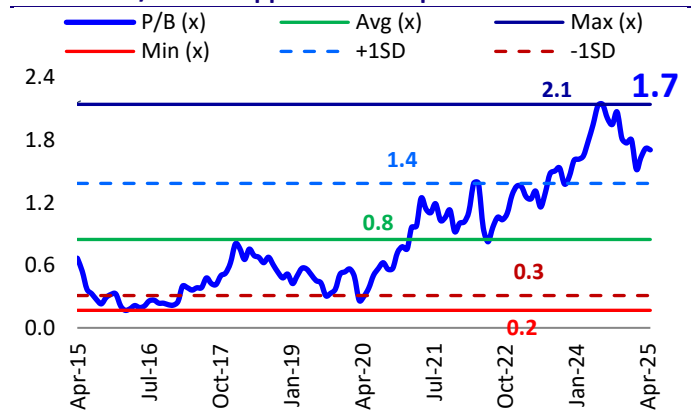


Exhibit 7: Key assumptions and changes to our estimates

	UoM	FY26E			FY27E		
		New	Old	Change	New	Old	Change
Revenue	INR b	591	619	-5%	751	783	-4%
EBITDA	"	128	134	-5%	174	183	-5%
PAT	"	61	64	-6%	96	101	-5%

Source: Company, MOFSL

Exhibit 8: Valuation

Y/E March	UoM	FY27E
Volume	mt	11.0
Blended EBITDA/t	INR	15,901
Consolidated EBITDA	INR b	174
Target EV/EBITDA(x)	x	6.5
Target EV	INR b	1,141
Net Debt	INR b	110
Equity Value	INR b	1,031
No of shares o/s	b	1.0
Target price (INR/share)	INR/sh	1,050

Source: Company, MOFSL

Financials and valuation

Consolidated Income Statement

(INR b)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Net sales	370.0	388.6	510.9	527.1	500.3	497.6	590.9	750.8
Change (%)	-6.0	5.0	31.5	3.2	-5.1	-0.5	18.7	27.1
Total Expenses	291.4	241.0	355.7	427.8	398.2	400.6	463.3	576.3
EBITDA	78.5	147.6	155.1	99.3	102.1	97.1	127.6	174.4
As a percentage of Net Sales	21.2	38.0	30.4	18.8	20.4	19.5	21.6	23.2
Depn. and Amortization	41.6	34.5	21.0	26.9	28.2	27.7	30.7	32.7
EBIT	36.9	113.1	134.2	72.4	73.8	69.4	96.9	141.8
Net Interest	41.5	30.9	18.9	14.5	12.9	13.1	17.6	16.2
Other income	0.3	4.1	0.5	0.6	1.6	1.7	1.8	2.0
PBT before EO	-4.3	86.3	115.8	58.6	62.5	57.9	81.1	127.5
EO income	1.8	-13.3	-4.1	-13.7	0.0	-14.4	0.0	0.0
PBT after EO	-2.5	73.0	111.7	44.9	62.5	43.5	81.1	127.5
Tax	1.5	17.7	29.2	12.9	3.0	15.0	20.3	31.9
Rate (%)	-62.6	24.2	26.2	28.8	4.8	34.4	25.0	25.0
PAT (before MI and Sh. of Asso.)	-4.0	55.3	82.5	31.9	59.5	28.5	60.8	95.6
Minority interests	0.0	2.5	-0.5	0.4	0.0	0.3	0.0	0.0
Other adj.	0.0	0.0	0.0	-8.6	0.0	0.0	0.0	0.0
Share of Associates	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0
PAT (after MI and Sh. of Asso.)	-4.0	52.7	83.0	31.5	59.4	28.1	60.8	95.6
Adjusted PAT	-5.8	66.0	87.0	36.6	59.4	42.5	60.8	95.6
Change (%)	PL	LP	31.8	-57.9	62.3	-28.4	43.0	57.3

Consolidated Balance Sheet

(INR b)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Share Capital	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Reserves	320.4	317.1	355.2	386.1	442.2	470.8	524.6	609.2
Net Worth	321.4	318.1	356.2	387.1	443.2	471.8	525.6	610.3
Minority Interest	-7.8	-8.8	14.7	3.1	4.3	2.3	2.3	2.3
Total Loans	368.2	293.2	138.6	124.4	159.0	178.4	174.4	170.4
Deferred Tax Liability	56.2	62.4	72.8	59.4	58.8	57.8	57.8	57.8
Capital Employed	738.1	665.0	582.3	573.9	665.3	710.4	760.2	840.8
Gross Block	950.8	832.8	681.4	689.7	766.1	804.5	879.5	954.5
Less: Accum. Deprn.	251.5	286.1	223.0	247.2	275.4	303.1	333.8	366.5
Net Fixed Assets	699.2	546.7	458.4	442.5	490.7	501.4	545.7	588.0
Capital WIP	19.7	8.9	17.4	71.1	88.7	155.2	155.2	155.2
Goodwill and Revaluation	6.1	5.0	4.5	0.6	0.6	0.6	0.6	0.6
Investments	1.4	1.4	1.4	1.4	1.5	5.0	5.0	5.0
Curr. Assets	170.9	216.3	284.8	178.7	205.3	195.6	199.2	252.5
Inventory	63.7	59.4	72.8	58.9	70.8	56.1	83.6	106.2
Account Receivables	35.5	27.9	12.6	9.7	16.6	13.6	19.7	25.0
Cash and Bank Balance	9.5	71.8	44.6	57.2	51.6	64.8	34.9	60.2
Loans and advances and others	62.2	57.2	154.8	52.9	66.3	61.1	61.1	61.1
Curr. Liability and Prov.	159.3	113.4	184.1	120.4	121.5	147.2	145.4	160.4
Account Payables	55.8	40.6	52.5	47.0	46.8	57.1	55.3	70.3
Provisions and Others	103.6	72.8	131.6	73.3	74.6	90.1	90.1	90.1
Net Current Assets	11.6	102.9	100.7	58.4	83.9	48.3	53.8	92.1
Appl. of Funds	738.1	665.0	582.3	573.9	665.3	710.4	760.2	840.8

Financials and valuation

Consolidated ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)								
EPS	-5.7	64.7	86.0	36.4	58.4	41.4	59.2	93.1
Cash EPS	36.9	88.0	102.4	58.6	87.5	55.6	90.4	126.8
BV/Share	315.1	311.9	352.5	385.1	442.1	466.3	519.5	603.1
DPS	0.0	0.0	3.0	2.0	2.0	4.1	5.9	9.3
Payout (%)	0.0	0.0	3.5	5.5	3.4	10.0	10.0	10.0
Valuation (x)								
P/E	-157.2	13.8	10.4	24.5	15.3	21.5	15.1	9.6
Cash P/E	24.2	10.1	8.7	15.2	10.2	16.1	9.9	7.0
P/BV	2.8	2.9	2.5	2.3	2.0	1.9	1.7	1.5
EV/Sales	3.4	2.9	2.0	1.8	2.0	2.1	1.8	1.4
EV/EBITDA	16.2	7.7	6.4	9.7	9.9	10.6	8.3	5.9
Dividend Yield (%)	0.0	0.0	0.3	0.2	0.2	0.5	0.7	1.0
Return Ratios (%)								
EBITDA Margin (%)	21.2	38.0	30.4	18.8	20.4	19.5	21.6	23.2
Net Profit Margin (%)	-1.6	17.0	17.0	6.9	11.9	8.5	10.3	12.7
RoE	-1.7	20.6	25.9	9.9	14.1	9.1	12.0	16.6
RoCE (pre-tax)	4.9	16.7	21.6	12.6	12.2	10.3	13.4	18.0
RoIC (pre-tax)	5.1	17.7	24.6	15.1	15.3	13.8	18.5	23.9
Working Capital Ratios								
Fixed Asset Turnover (x)	0.5	0.7	1.1	1.0	0.9	0.8	0.8	1.0
Asset Turnover (x)	0.5	0.6	0.9	0.9	0.8	0.4	0.4	0.4
Inventory (Days)	63	56	52	41	52	52	52	52
Debtor (Days)	35	26	9	7	12	12	12	12
Payable (Days)	55	38	38	33	34	34	34	34
Work. Cap. Turnover (Days)	43	44	24	15	30	30	30	30
Leverage Ratio (x)								
Current Ratio	1.1	1.9	1.5	1.5	1.7	1.3	1.4	1.6
Interest Coverage Ratio	0.9	3.7	7.1	5.0	5.7	5.3	5.5	8.7
Debt/Equity ratio	1.1	0.7	0.3	0.2	0.2	0.2	0.3	0.2

Consolidated Cash Flow Statement

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
(INR b)								
EBITDA	78.5	147.6	155.1	99.3	102.1	97.1	127.6	174.4
Non-cash exp./ (income)	1.6	-1.7	24.8	-4.6	1.3	-5.1	0.0	0.0
(Inc.) / Dec. in Wkg. Cap.	19.3	-12.4	-8.4	11.2	-19.5	28.5	-35.3	-13.0
Tax Paid	0.0	0.5	-19.6	-27.0	-6.8	-15.2	-20.3	-31.9
others	-11.3	-14.4	8.5	-6.1	-17.1	3.0	0.0	0.0
CF from Op. Activity	88.1	119.6	160.5	72.8	60.1	108.2	72.0	129.6
(Inc.) / Dec. in FA + CWIP	-16.6	-8.6	-29.4	-64.5	-85.2	-106.1	-75.0	-75.0
(Pur.) / Sale of Investments	0.3	0.2	0.7	0.5	0.9	1.2	0.0	0.0
Loans and advances	1.0	-11.5	3.8	23.1	-1.6	-20.3	0.0	0.0
Int. and Dividend Income	0.5	1.0	1.6	0.7	2.4	1.9	1.8	2.0
Other investing activities	-16.3	-8.4	-28.7	-64.0	-84.3	-104.9	0.0	0.0
CF from Inv. Activity	-14.8	-18.8	-23.3	-40.2	-83.4	-123.2	-73.2	-73.0
Equity raised / (repaid)	5.1	0.0	-5.0	-1.9	-1.6	0.0	0.0	0.0
Debt raised / (repaid)	-60.8	-23.4	-119.2	-5.7	33.6	18.9	-4.0	-4.0
Dividend (incl. tax)	0.0	0.0	-1.0	-2.0	-2.0	-2.0	-7.0	-11.0
Interest paid	-40.1	-22.7	-26.1	-15.4	-16.2	-20.0	-17.6	-16.2
CF from Fin. Activity	-70.2	-46.1	-151.2	-25.0	13.8	8.1	-28.7	-31.3
(Inc.) / Dec. in Cash	3.2	54.6	-14.0	7.6	-9.5	-6.9	-29.9	25.3
Add: opening cash balance	1.8	5.0	59.7	35.0	42.6	33.1	26.2	-3.7
Discontinued operations (/adj.)	0.0	0.0	-10.6	0.0	0.0	0.0	0.0	0.0
Closing cash balance	5.0	59.7	35.0	42.6	33.1	26.2	-3.7	21.6
Bank balance	4.5	12.1	9.5	14.6	18.5	38.6	38.6	38.6
Closing Balance	9.5	71.8	44.6	57.2	51.6	64.8	34.9	60.2

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NOTES

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UNDER REVIEW	Rating may undergo a change
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