Dated: 26 December 2025

Jindal Steel (JINDALST) - BUY

Company Update

Current Market Price (CMP)	Fair Value (FV)
Rs.999	**Rs.1,150**

Rationale:

- JSP's margins in the coming quarters should remain subdued, led by a combination of weaker prices and higher costs.
- HRC steel prices are down 4-5% qoq in Q3FY26E in the absence of the continuation of safeguard duty.
- Higher coking coal prices and the ramp-up costs of a new blast furnace should add to margin pressure.
- We trim FY26/27E EBITDA by 3.4%/13% and expect consensus to follow.
- Medium-term fundamentals remain robust with 18%/25% CAGR in volumes/EBITDA due to capacity expansion and cost saving projects.
- We expect earnings to grow by 56.1% in FY27E & grow by 50.1% in FY28E.
- Stock is currently trading at valuation of 9.8x P/E FY28E EPS.
- Maintain BUY with a revised FV of Rs1,150 (from Rs1,260).

(EBITDA - Earnings Before Interest, Taxes, Depreciation, and Amortization, CAGR - Compound annual growth rate, EPS -Earnings Per Share)

Positives:

- New capacities set to drive volume and earnings growth.
- JSP is on track to complete majority of announced capex by FY28.
- JSP is on track for ~65% increase in capacity.

Negatives:

- Steel prices soften further in Q3FY25.
- Margins under pressure in near term.

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

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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