

Jindal Stainless | BUY

In-line results; growth projects to drive earnings

JSL reported 4Q consol. EBITDA of INR10.6bn, in line with JMfe. EBITDA declined by 12% sequentially given lower realisations (-6% QoQ). Consequently, EBITDA/t declined by INR4k/t to ~INR16.5k/t in 4QFY25. Company witnessed sequential growth in sales volume to 643kt in 4QFY25 compared to 588kt in 3QFY25 given better domestic demand. Key takeaways from the call – a) volume growth guidance for FY26 at of 9-10% b) consol. EBITDA/t guidance for FY26 at INR19-21k/t c) sales product mix for series 200/300/400 stood at 37% / 47% / 16% d) capacity utilization at Chromeni to reach 70-75% in 2HFY26 from ~55% currently – to aid volume growth e) JSL signed an MoU with Maharashtra government to set up a 4mtpa greenfield stainless steel plant at a cost of INR400bn – expected gestation period to be ~4-5years. JSL's Net debt stood at INR40bn as on 31st Mar'25 vs. INR51bn as on 31st Dec'24 – lower than guidance of INR55bn driven by 1) lower capex (INR45bn in FY25) than guidance of INR55bn – spill over to FY26 2) gain of INR1.52bn on divestment of JCL 3) better working capital management. Net Debt to EBITDA stood below 1x at 0.6x in 4Q compared to 0.9x in 3Q. Strong growth pipeline and increased focus on capacity expansion augurs well for the earnings trajectory. We revise our earning downward by 21% / 20% for FY26 / 27E driven by lower realisation – leading to a revised target price of INR720/sh (-22%) at 9x EV/EBITDA FY27E. Maintain BUY.

- **Higher volumes partially offset by lower realisations:** The company registered consolidated revenue from operations of INR102bn up 3% QoQ given higher volumes (+9% QoQ) partially offset by lower realisations (-6% QoQ). Operating EBITDA came in at INR10.6bn, down 12% QoQ given lower realisations. The Company witnessed sequential growth in sales volume to 643kt in 4QFY25 compared to 588kt in 3QFY25 given better domestic demand partially along with revival in export demand. Consequently, EBITDA/t declined by INR4k/t to ~INR16.5k/t in 4QFY25. Exports volume share remained flat QoQ at ~8% in 4QFY25. Adjusted PAT came in at ~INR6bn (-9% QoQ). Company reported an exceptional item of INR71mn during the quarter driven by loss during divestment of the balance 21.13% stake held in JCL.
- **Healthy leverage ratios maintained amidst capacity expansion:** JSL's Net debt stood at INR40bn as on 31st Mar'25 vs. INR51bn as on 31st Dec'24 – lower than guidance of INR55bn driven by 1) lower capex (INR45bn in FY25) than guidance of INR55bn – spill over to FY26 2) gain of INR1.52bn on divestment of JCL 3) better working capital management. Net Debt to EBITDA stood below 1x at 0.6x in 4Q compared to 0.9x in 3Q. The company has guided to maintain its Net Debt to EBITDA ratio below 1.5x in the long run. Net debt and capex guidance for FY26 stands at INR35-38bn and INR27bn respectively.
- **Capacity expansion on track; new greenfield project in Maharashtra announced:** JSL recently signed a non-binding MoU with Maharashtra govt. to set up a stainless steel manufacturing facility with an investment of INR400bn. Company plans to set-up a 4mn tons greenfield facility over the next 15 years in Maharashtra. Gestation period for such a greenfield plant is usually 4-5 years – company expects similar timeline for this plant. Chromeni was started in Dec'24 – current utilization at 55-60%. Company expects this to go up to 70-75% in 2HFY26. Indonesia SMS facility as well as 1.1mn tons HRAP facility is expected to come in FY27.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	3,85,625	3,93,122	4,51,323	5,22,387	6,00,012
Sales Growth (%)	8.0	1.9	14.8	15.7	14.9
EBITDA	47,043	46,666	54,127	64,508	74,681
EBITDA Margin (%)	12.2	11.9	12.0	12.3	12.4
Adjusted Net Profit	25,746	25,013	29,016	36,445	43,044
Diluted EPS (INR)	31.3	30.4	35.2	44.2	52.3
Diluted EPS Growth (%)	25.4	-2.9	16.0	25.6	18.1
ROIC (%)	16.9	14.3	14.6	15.9	16.6
ROE (%)	17.2	17.9	15.0	14.6	15.4
P/E (x)	18.6	19.1	16.5	13.1	11.1
P/B (x)	3.3	2.9	2.4	2.0	1.7
EV/EBITDA (x)	11.0	11.1	9.5	7.9	6.6
Dividend Yield (%)	0.6	0.5	0.5	0.5	0.5

Source: Company data, JM Financial. Note: Valuations as of 05/Sep/2025



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	720
Upside/(Downside)	24.2%
Previous Price Target	920
Change	-21.8%

Key Data – JDSL IN

Current Market Price	INR580
Market cap (bn)	INR477.5/US\$5.6
Free Float	40%
Shares in issue (mn)	823.5
Diluted share (mn)	823.7
3-mon avg daily val (mn)	INR660.3/US\$7.7
52-week range	848/497
Sensex/Nifty	79,454/24,008
INR/US\$	85.4

Price Performance

%	1M	6M	12M
Absolute	13.1	-18.4	-14.7
Relative*	7.0	-19.2	-22.0

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key Conference Call takeaways:

- **FY26 guidance:**
 - Consol. EBITDA/t to be in INR19k-21k/t range.
 - Volume growth to be in the range of 9-10%
 - Net Debt as at end of FY26 is expected to be in the range of ~INR35-38bn.
 - Capex for FY26 to be ~INR27bn (some spill over from FY25)
- **Maharashtra greenfield project:**
 - JSL recently signed a non-binding MoU with Maharashtra govt. to set up a stainless steel manufacturing facility with an investment of INR400bn.
 - Company plans to set up a 4mn tons facility over the next 15 years.
 - Maharashtra remains one of the biggest customer base for the company.
 - Gestation period for such a greenfield plant is usually 4-5 years – company expects similar timeline for this plant.
- Net Debt came in at INR40bn, lower than guidance because of:
 - Lower capex (INR45bn in FY25) than guidance of INR55bn – spill over to FY26
 - Gain of INR1.52bn on divestment of JCL.
 - Better working capital management – release in working capital
- Series mix for 4Q: 200/300/400 – 37%/47%/16%
- Indonesia SMS capacity to come by middle of next year. Half of investment in Indonesia JV was done in FY25; other half to be done in FY26.

Exhibit 1. Consolidated – quarterly financial performance							(INR mn)
Y/E March (INR mn)	4QFY25	4QFY25E	%Var	4QFY24	YoY %	3QFY25	QoQ %
Net Sales	1,01,983	1,03,558	-1.5	94,540	7.9	99,073	2.9
Volumes (mt)	0.64	0.63	2.2	0.57	12.7	0.59	9.4
Realization (INR/ton)	1,58,694	1,64,692	-3.6	1,65,755	-4.3	1,68,590	-5.9
Raw materials	70,535	71,740		65,125	8.3	67,047	
RM cost/ton	1,09,759	1,14,091		1,14,183		1,14,091	
Gross profit	31,448	31,818	-1.2	29,415	6.9	32,026	-1.8
Gross profit/t	48,935			51,572		54,498	
Staff cost	2,263	2,349		1,872	20.9	2,195	
Staff cost/ton	3,521	3,735		3,281		3,735	
Power & Fuel	6,710	6,592		6,009	11.7	6,246	
P&F cost/ton	10,441	10,484		10,535		10,628	
Other Costs	11,866			11,183		11,510	
Other costs/t	18,465			19,606		19,586	
Expenditure	91,374	93,336		84,188	8.5	86,998	5.0
EBITDA	10,609	10,222	3.8	10,352	2.5	12,075	-12.1
EBITDA (%)	10.4	9.9		10.9		12.2	
EBITDA/ton (INR)	16,508	16,257	1.5	18,150	-9.0	20,548	-19.7
Other income	940	600		550		991	
Depreciation	1,498	1,600	-6.4	1,534	-2.3	1,605	-6.7
EBIT	10,050	9,222	9.0	9,368	7.3	11,461	-12.3
Interest	2,412	2,500		2,334		2,416	
PBT	7,638	6,722		7,035		9,045	
XO items	-71	0		-17		0	
Tax	1,388	1,815		2,012		2,357	
Eff. Tax rate (%)	18.2	27.0		28.6		26.1	
PAT before MI/Assoc.	6,250	4,907		5,006		6,688	
Minority Interest	-10	-5		-1		-6	
Share of Associates	-280	-130		1		-145	
PAT- Reported	5,900	4,782		5,007		6,548	
PAT- Adjusted	5,970	4,782	24.8	5,024	18.8	6,548	-8.8
Diluted EPS (INR)	7.3	5.8		6.1		8.0	
Key monitorables (INR bn)							
Net Debt (INR bn)	40	0		39		51	

Source: Company, JM Financial

Exhibit 2. Jindal Stainless: Target Price

FY27E EBITDA (INR bn)	65
Multiple (x)	9
Target EV (INR bn)	581
Net debt (INR bn)	26
Implied Mcap (INR bn)	555
CWIP (INR bn)	39
Total Mcap (INR bn)	594
No. of shares (mn)	823
TP (INR/share)	720

Source: JM Financial

Exhibit 3. JSL – standalone quarterly performance (INR mn)

Y/E March (INR mn)	4QFY25	4QFY24	YoY %	3QFY25	QoQ %
Net Sales	1,07,855	95,207	13.3	1,00,656	7.2
Volumes (mn tons)	0.64	0.57	12.7	0.59	9.4
Realisation (INR/ton)	1,67,831	1,66,925	0.5	1,71,283	-2.0
Raw material cost	75,141	64,566	16.4	67,654	11.1
RM costs/ton (INR)	1,16,926	1,13,201		1,15,125	
Change in stock	592	1,013		802	
Change in stock/ton (INR)	921	1,776		1,365	
Gross profit	32,714	30,642	6.8	33,002	-0.9
Gross margin (%)	30.3	32.2		32.8	
Gross margin/t	50,906	53,724		56,158	
Power and fuel cost	6,184	5,753	7.5	5,937	4.2
P&F cost/ton	9,623	10,087		10,102	
Staff costs	1,943	1,581	22.9	1,856	4.7
Staff costs/t (INR)	3,024	2,772		3,158	
Other costs	15,090	14,022	7.6	14,373	5.0
Other costs/t (INR)	23,481	24,584		24,459	
Expenditure	98,951	86,935	13.8	90,622	9.2
EBITDA	8,905	8,273	7.6	10,034	-11.3
EBITDA (%)	8.3	8.7		10.0	
EBITDA/ton	13,857	14,505	-4.5	17,075	-18.8
Other income	3,594	611		1,372	
Depreciation	1,858	1,808	2.7	1,893	-1.8
EBIT	10,641	7,076	50.4	9,513	11.9
Interest	1,091	1,033		1,198	
PBT	9,550	6,043	58.0	8,315	14.9
XO items	1,512	312		0	
Tax	1,816	1,592		2,129	
Eff. Tax rate (%)	19.0	26.3		25.6	
Reported PAT	9,245	4,764		6,186	
Adjusted PAT	7,734	4,451	73.7	6,186	25.0
EPS (INR)	9.4	5.4		7.5	

Source: Company, JM Financial

Exhibit 4. Key assumptions table

Key Assumptions	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Nickel (INR/t)	21,037	15,838	13,770	14,350	14,760	15,170
Ferrochrome (INR/t)	107,871	111,170	1,05,843	1,00,000	1,00,000	1,00,000
Steel and others(INR/t)	47,983	45,505	48,000	47,000	47,500	47,500
USDINR	80.4	82.8	84.0	86.0	87.0	87.0
Blended Realisation (INR/t)	198,539	176,381	1,67,918	1,73,253	1,77,683	1,80,184

External Sales (mt)

Sales Volume	1,764,405	2,174,610	23,70,000	26,05,000	29,40,000	33,30,000
Series 300	758,694	956,828	10,42,800	11,46,200	12,93,600	14,65,200
Series 200	599,898	782,860	8,53,200	9,37,800	10,58,400	11,98,800
Series 400	405,813	434,922	4,74,000	5,21,000	5,88,000	6,66,000

Financials (INR mn)

EBITDA	35,861	47,043	46,666	54,127	64,508	74,681
EBITDA/t	20,325	21,633	19,690	20,778	21,942	22,427
Net Debt	26,144	36,824	36,949	32,222	25,818	13,909

Source: Company, JM Financial

Exhibit 5. Change in estimates

		OLD		NEW			% Change	
	Unit	FY26E	FY27E	FY26E	FY27E	FY28E	FY26E	FY27E
Net Sales	INR mn	5,24,364	5,96,553	4,51,323	5,22,387	6,00,012	-13.9%	-12.4%
Earnings	INR mn	68,550	80,705	54,127	64,508	74,681	-21.0%	-20.1%
Target Price	INR		920		720			-21.7%
Rating			BUY		BUY			

Source: Company, JM Financial

Exhibit 6. JDSL: 1yr forward EV/EBITDA valuation



Source: Bloomberg, JM Financial

Exhibit 7. JDSL: 1yr forward PE valuation



Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	3,85,625	3,93,122	4,51,323	5,22,387	6,00,012
Sales Growth	8.0%	1.9%	14.8%	15.7%	14.9%
Other Operating Income	0	0	0	0	0
Total Revenue	3,85,625	3,93,122	4,51,323	5,22,387	6,00,012
Cost of Goods Sold/Op. Exp	2,67,149	2,68,657	3,04,092	3,56,278	4,08,484
Personnel Cost	6,430	8,556	10,380	12,015	13,800
Other Expenses	65,003	69,243	82,724	89,585	1,03,047
EBITDA	47,043	46,666	54,127	64,508	74,681
EBITDA Margin	12.2%	11.9%	12.0%	12.3%	12.4%
EBITDA Growth	31.2%	-0.8%	16.0%	19.2%	15.8%
Depn. & Amort.	8,788	9,561	11,236	11,461	11,836
EBIT	38,255	37,105	42,890	53,047	62,845
Other Income	1,691	2,909	3,250	4,000	4,000
Finance Cost	5,544	6,116	6,798	7,798	8,798
PBT before Excep. & Forex	34,402	33,897	39,343	49,249	58,047
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	34,402	33,897	39,343	49,249	58,047
Taxes	8,990	8,392	9,836	12,312	14,512
Extraordinary Inc./Loss(-)	992	-71	0	0	0
Assoc. Profit/Min. Int.(-)	334	-491	-491	-491	-491
Reported Net Profit	26,738	24,943	29,016	36,445	43,044
Adjusted Net Profit	25,746	25,013	29,016	36,445	43,044
Net Margin	6.7%	6.4%	6.4%	7.0%	7.2%
Diluted Share Cap. (mn)	823.5	823.7	823.7	823.7	823.7
Diluted EPS (INR)	31.3	30.4	35.2	44.2	52.3
Diluted EPS Growth	25.4%	-2.9%	16.0%	25.6%	18.1%
Total Dividend + Tax	2,857	2,449	2,449	2,449	2,449
Dividend Per Share (INR)	3.5	3.0	3.0	3.0	3.0

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	1,43,579	1,66,879	1,98,344	2,37,238	2,82,730
Share Capital	1,647	1,647	1,647	1,647	1,647
Reserves & Surplus	1,41,932	1,65,232	1,96,696	2,35,590	2,81,083
Preference Share Capital	0	0	0	0	0
Minority Interest	166	203	257	312	366
Total Loans	60,523	62,977	72,977	82,977	92,977
Def. Tax Liab. / Assets (-)	11,891	13,003	13,003	13,003	13,003
Total - Equity & Liab.	2,16,159	2,43,063	2,84,581	3,33,530	3,89,077
Net Fixed Assets	1,43,665	1,65,833	1,81,596	1,92,635	1,95,799
Gross Fixed Assets	1,80,084	2,05,103	2,18,603	2,33,603	2,43,603
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	47,539	57,101	68,337	79,798	91,635
Capital WIP	11,120	17,830	31,330	38,830	43,830
Investments	12,465	16,462	16,462	16,462	16,462
Current Assets	1,51,519	1,79,286	2,17,955	2,62,785	3,32,182
Inventories	79,315	97,003	1,13,758	1,31,670	1,51,236
Sundry Debtors	28,369	31,070	29,676	34,349	42,741
Cash & Bank Balances	19,881	22,699	37,426	53,830	75,738
Loans & Advances	23,955	28,515	37,095	42,936	62,467
Other Current Assets	0	0	0	0	0
Current Liab. & Prov.	91,490	1,18,518	1,31,431	1,38,351	1,55,365
Current Liabilities	86,366	94,662	1,07,576	1,14,496	1,31,509
Provisions & Others	5,124	23,855	23,855	23,855	23,855
Net Current Assets	60,030	60,769	86,524	1,24,433	1,76,817
Total - Assets	2,16,159	2,43,063	2,84,581	3,33,530	3,89,077

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	34,402	33,897	39,343	49,249	58,047
Depn. & Amort.	8,788	9,561	11,236	11,461	11,836
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	7,501	2,079	-11,028	-21,505	-30,475
Others	-31,502	15,327	4,406	4,406	4,406
Taxes Paid	-8,990	-8,392	-9,836	-12,312	-14,512
Operating Cash Flow	10,200	52,472	34,121	31,299	29,303
Capex	-14,749	-45,700	-27,000	-22,500	-15,000
Free Cash Flow	-4,549	6,772	7,121	8,799	14,303
Inc (-) / Dec in Investments	-2,764	-3,997	0	0	0
Others	-198	36	54	54	54
Investing Cash Flow	-17,710	-49,661	-26,946	-22,446	-14,946
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-2,857	-2,449	-2,449	-2,449	-2,449
Inc / Dec (-) in Loans	20,941	2,455	10,000	10,000	10,000
Others	0	0	0	0	0
Financing Cash Flow	18,084	6	7,551	7,551	7,551
Inc / Dec (-) in Cash	10,573	2,818	14,727	16,404	21,908
Opening Cash Balance	9,308	19,881	22,699	37,426	53,830
Closing Cash Balance	19,881	22,699	37,426	53,830	75,738

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	6.7%	6.4%	6.4%	7.0%	7.2%
Asset Turnover (x)	2.0	1.7	1.7	1.7	1.7
Leverage Factor (x)	1.5	1.5	1.4	1.4	1.4
RoE	19.6%	16.1%	15.9%	16.7%	16.6%

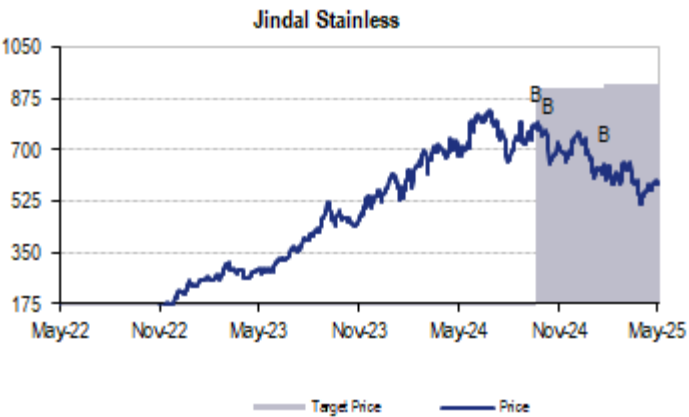
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	174.4	202.6	240.8	288.0	343.3
ROIC	16.9%	14.3%	14.6%	15.9%	16.6%
ROE	17.2%	17.9%	15.0%	14.6%	15.4%
Net Debt/Equity (x)	0.3	0.2	0.2	0.1	0.1
P/E (x)	18.6	19.1	16.5	13.1	11.1
P/B (x)	3.3	2.9	2.4	2.0	1.7
EV/EBITDA (x)	11.0	11.1	9.5	7.9	6.6
EV/Sales (x)	1.3	1.3	1.1	1.0	0.8
Debtor days	27	29	24	24	26
Inventory days	75	90	92	92	92
Creditor days	93	100	99	91	91

Source: Company, JM Financial

History of Earnings Estimate and Target Price

Date	Recommendation	Target Price	% Chg.
26-Sep-24	Buy	910	
18-Oct-24	Buy	910	0.0
30-Jan-25	Buy	920	1.1

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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