

Jindal Stainless | BUY

Better downstream mix lead to higher margins; expansion on track

JSL reported 1Q consol. EBITDA of INR13bn, above JMfe of 11bn. EBITDA came higher by 24% driven by better CR to HR ratio in the quarter post ramp-up of Chromeni. Consequently, EBITDA/t improved by INR4.4k/t to ~INR20.9k/t in 1QFY26. Company witnessed sequential decline in sales volume to 626kt in 1QFY26 compared to 642kt in 4QFY25 given lower scale of ops. Key takeaways from the call – a) volume growth guidance for FY26 maintained at of 9-10% b) consol. EBITDA/t guidance for FY26 maintained at INR19-21k/t c) sales product mix for series 200/300/400 stood at 36% / 46% / 18% d) capacity utilization at Chromeni to reach 80-85% in 2HFY26 from ~60-65% currently – to aid volume growth and margins e) Rathi Steel currently operates at 80-85% capacity utilisation producing more of wire rods (~70% of total volumes) – company plans to shift towards rebar going ahead. The 4mn tons expansion in Maharashtra remains on track – to be done in 4 phases of 1mn tons each. JSL's Net debt stood at INR39bn as on 30th Jun'25 vs. INR40 as on 31st Mar'25. Net Debt to EBITDA stood below 1x at 0.2x in 1Q compared to 0.6x in 4Q. Strong growth pipeline and increased focus on capacity expansion augurs well for the earnings trajectory. We roll-forward our target price to FY28 at a target multiple of 9x EV/EBITDA. Maintain BUY.

- **Margins expand given lower RM costs / better downstream mix:** The company registered consolidated revenue from operations of INR102bn, flat QoQ given higher realisation (+3% QoQ) offset by lower volumes (-3% QoQ). Operating EBITDA came in at INR13bn, up 24% QoQ given higher realisation and lower RM costs. The Company witnessed sequential decline in sales volume to 626kt in 1QFY26 compared to 642kt in 4QFY25 given lower scale of ops. EBITDA/t increased significantly in 1QFY26 (up ~INR4.4k/t to INR20.9k/t) due to higher CR to HR ratio in the quarter post ramp-up of Chromeni (current utilisation at 60-65%). Cold-rolled volumes increased by ~12% in 1Q compared to 4Q. Exports volume share came in at 9% in 1Q compared to 8% in 4Q. Adjusted PAT came in at ~INR7bn (+20% QoQ).
- **Healthy leverage ratios maintained amidst capacity expansion:** JSL's Net debt stood at INR39bn as on 30th Jun'25 vs. INR40 as on 31st Mar'25. Net Debt to EBITDA stood below 1x at 0.2x in 1Q compared to 0.6x in 4Q. The company has guided to maintain its Net Debt to EBITDA ratio below 1.5x in the long run. Capex guidance for FY26 maintained at INR27bn including INR17bn for growth capex, INR5bn for maintenance capex and INR5bn for spillover from FY25. Total capex in 1QFY26 stood at ~INR6.6bn.
- **Capacity expansion on track; FY26 guidance maintained:** 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 in 4 phases of 1mn tons each 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. The land acquisition for this expansion is on track. Rathi steel is currently operating at 80-85% utilization levels with ~70% production being wire rods – company plans to focus more on rebars going forward. Indonesia SMS facility as well as 1.1mn tons HRAP facility is expected to come in FY27. FY26 guidance for consol EBITDA/t maintained at INR19-21k/t range.



Ashutosh Somani

ashutosh.somani@jmfll.com | Tel: (91 22) 66303083

Anirudh Nagpal

anirudh.Nagpal@jmfll.com | Tel: (91 22) 66303263

Rajvi Panchmatia

rajvi.panchmatia@jmfll.com | Tel: (91 22) 66303018

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	850
Upside/(Downside)	15.9%
Previous Price Target	720
Change	18.1%

Key Data – JDSL IN

Current Market Price	INR734
Market cap (bn)	INR604.6/US\$6.9
Free Float	40%
Shares in issue (mn)	823.7
Diluted share (mn)	823.7
3-mon avg daily val (mn)	INR652.4/US\$7.4
52-week range	803/497
Sensex/Nifty	80,544/24,574
INR/US\$	87.7

Price Performance

%	1M	6M	12M
Absolute	8.0	15.4	11.2
Relative*	11.8	11.5	9.8

* To the BSE Sensex

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)	23.5	24.2	20.8	16.6	14.0
P/B (x)	4.2	3.6	3.0	2.5	2.1
EV/EBITDA (x)	13.7	13.8	11.8	9.8	8.3
Dividend Yield (%)	0.5	0.4	0.4	0.4	0.4

Source: Company data, JM Financial. Note: Valuations as of 07/Aug/2025

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 guidance maintained to be in INR19k-21k/t range.
 - Volume growth guidance maintained to be in the range of 9-10%
 - Capex for FY26 to be ~INR27bn (INR17bn – growth capex, INR5bn – maintenance and INR5bn – spillover from FY25).
- EBITDA/t increased significantly in 1QFY26 (up ~INR4.4k/t to INR20.9k/t) due to higher CR to HR ratio in the quarter post ramp-up of Chromeni (current utilisation at 60-65%). Cold-rolled volumes increased by ~12% in 1Q compared to 4Q.
- Safeguard duty on Stainless Steel: Company believes investigation should start in the next 2 months and process could be escalated (usually takes ~1 year). DGTR has appointed officials to collate recommendations from the industry.
- Company expects Chromeni to ramp-up to 80-85% utilisation levels by the end of FY26.
- Series mix for 1Q: 200 / 300 / 400 – 36% / 46% / 18%
- Rathi currently running at 80-85% utilisation – producing more of wire rods (~70% of total volumes). Company plans to shift towards rebar going ahead.
- Indonesia SMS capacity remains on track – expected to be commissioned in FY27.
- HRAP remains on track – to be commissioned by 2HFY27.

Exhibit 1. Consolidated – quarterly financial performance							(INR mn)
Y/E March (INR mn)	1QFY26	1QFY26E	%Var	1QFY25	YoY %	4QFY25	QoQ %
Net Sales	1,02,071	1,00,902	1.2	94,298	8.2	1,01,983	0.1
Volumes (mt)	0.63	0.62	0.5	0.58	8.3	0.64	-2.6
Realization (INR/ton)	1,62,988	1,61,868	0.7	1,63,104	-0.1	1,58,694	2.7
Raw materials	67,381	69,104		62,905	7.1	70,535	
RM cost/ton	1,07,594	1,10,856		1,08,806		1,09,759	
Gross profit	34,691	31,799	9.1	31,392	10.5	31,448	10.3
Gross profit/t	55,394	51,012		54,299		48,935	
Staff cost	2,439	2,195		2,040	19.5	2,263	
Staff cost/ton	3,894	3,521		3,529		3,521	
Power & Fuel	6,725	6,313		6,125	9.8	6,710	
P&F cost/ton	10,739	10,128		10,594		10,441	
Other Costs	12,429	11,882		11,110		11,866	
Other costs/t	19,846	19,062		19,217		18,465	
Expenditure	88,973	89,494		82,180	8.3	91,374	-2.6
EBITDA	13,098	11,408	14.8	12,117	8.1	10,609	23.5
EBITDA (%)	12.8	11.3		12.8		10.4	
EBITDA/ton (INR)	20,915	18,301	14.3	20,959	-0.2	16,508	26.7
Other income	689	950		507		940	
Depreciation	1,441	1,500	-3.9	1,427	1.0	1,498	-3.8
EBIT	12,346	10,858	13.7	11,197	10.3	10,050	22.8
Interest	2,518	2,500		2,324		2,412	
PBT	9,827	8,358		8,874		7,638	
XO items	0	0		0		-71	
Tax	2,544	2,090		2,399		1,388	
Eff. Tax rate (%)	25.9	25.0		27.0		18.2	
PAT before MI/Assoc.	7,283	6,269		6,475		6,179	
Minority Interest	5	-10		-20		-10	
Share of Associates	-137	-280		-14		-280	
PAT- Reported	7,147	5,999		6,481		5,910	
PAT- Adjusted	7,147	5,999	19.1	6,481	10.3	5,981	19.5
Diluted EPS (INR)	8.7	7.3		7.9		7.3	
Key monitorables (INR bn)							
Net Debt (INR bn)	39	0		49		40	

Source: Company, JM Financial

Exhibit 2. Jindal Stainless: Target Price

FY28E EBITDA (INR bn)	75
Multiple (x)	9
Target EV (INR bn)	672
Net debt (INR bn)	14
Implied Mcap (INR bn)	658
CWIP (INR bn)	44
Total Mcap (INR bn)	702
TP (INR/share)	850

Source: JM Financial

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

Y/E March (INR mn)	1QFY26	1QFY25	YoY %	4QFY25	QoQ %
Net Sales	1,03,405	95,849	7.9	1,07,855	-4.1
Volumes (mn tons)	0.63	0.58	8.3	0.64	-2.6
Realisation (INR/ton)	1,65,117	1,65,788	-0.4	1,67,831	-1.6
Raw material cost	68,617	63,087	8.8	75,141	-8.7
RM costs/ton (INR)	1,09,568	1,09,120		1,16,926	
Change in stock	882	1,044		592	
Change in stock/ton (INR)	1,408	1,806		921	
Gross profit	34,788	32,762	6.2	32,714	6.3
Gross margin (%)	33.6	34.2		30.3	
Gross margin/t	55,550	56,668		50,906	
Power and fuel cost	5,954	5,842	1.9	6,184	-3.7
P&F cost/ton	9,508	10,104		9,623	
Staff costs	2,038	1,732	17.7	1,943	4.9
Staff costs/t (INR)	3,254	2,996		3,024	
Other costs	15,436	14,101	9.5	15,090	2.3
Other costs/t (INR)	24,648	24,389		23,481	
Expenditure	92,927	85,805	8.3	98,951	-6.1
EBITDA	10,478	10,044	4.3	8,905	17.7
EBITDA (%)	10.1	10.5		8.3	
EBITDA/ton	16,731	17,373	-3.7	13,857	20.7
Other income	1,034	602		3,594	
Depreciation	1,887	1,795	5.1	1,858	1.6
EBIT	9,625	8,851	8.7	10,641	-9.6
Interest	997	968		1,091	
PBT	8,628	7,883	9.5	9,550	-9.7
XO items	0	0		1,512	
Tax	211	2,099		1,816	
Eff. Tax rate (%)	2.5	26.6		19.0	
Reported PAT	8,416	5,783		9,245	
Adjusted PAT	8,416	5,783	45.5	7,734	8.8
EPS (INR)	10.2	7.0		9.4	

Source: Company, JM Financial

Exhibit 4. Key assumptions table

Key Assumptions	FY23	FY24	FY25	FY26E	FY27E	FY28E
Nickel (INR/t)	21,037	15,838	13,770	14,350	14,760	15,170
Ferrochrome (INR/t)	1,07,871	1,11,170	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)	1,98,539	1,76,381	1,67,918	1,73,253	1,77,683	1,80,184

External Sales (mt)

Sales Volume	17,64,405	21,74,610	23,70,000	26,05,000	29,40,000	33,30,000
Series 300	7,58,694	9,56,828	10,42,800	11,46,200	12,93,600	14,65,200
Series 200	5,99,898	7,82,860	8,53,200	9,37,800	10,58,400	11,98,800
Series 400	4,05,813	4,34,922	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

	Unit	OLD			NEW			% Change		
		FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net Sales	INR mn	4,51,323	5,22,387	6,00,012	4,51,323	5,22,387	6,00,012	0%	0%	0%
EBITDA	INR mn	54,127	64,508	74,681	54,127	64,508	74,681	0%	0%	0%
PAT	INR mn	29,016	36,445	43,044	29,016	36,445	43,044	0%	0%	0%
EPS		35.2	44.2	52	35.2	44.2	52	0%	0%	0%
Target Price	INR	720			850			18%		
Rating		BUY			BUY					

Source: 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

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

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

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%

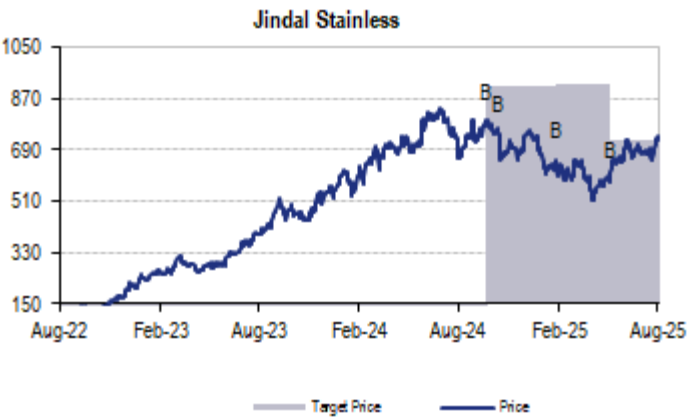
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	174.4	202.6	240.8	288.0	343.3
ROIC	16.9%	14.3%	14.6%	15.9%	16.6%
ROE	17.2%	17.9%	15.0%	14.6%	15.4%
Net Debt/Equity (x)	0.3	0.2	0.2	0.1	0.1
P/E (x)	23.5	24.2	20.8	16.6	14.0
P/B (x)	4.2	3.6	3.0	2.5	2.1
EV/EBITDA (x)	13.7	13.8	11.8	9.8	8.3
EV/Sales (x)	1.7	1.6	1.4	1.2	1.0
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
9-May-25	Buy	720	-21.7

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: instcompliance@jmfl.com

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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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