Jindal Stainless (JINSTA)

ICICI Direct

CMP: ₹740 | Target ₹ 915 (24%) | Target Period: 12 months | BUY

August 5, 2026

Resilient performance despite headwinds…

About the stock: Jindal Stainless (JSL), founded in 1970, is India's leading stainless-steel company and top five stainless steel makers globally (Ex China).

- Operates integrated stainless-steel plant capacity of ~4.2 million tons per annum (India- 3 MTPA & Indonesia- 1.2 MTPA).

Q1FY27 performance: Jindal Stainless reported a steady performance in Q1FY27. Consolidated topline stood at ₹11,279 crore (up 11% YoY) with stainless steel sales volume stood at 5.8 lakh tons, (down 7% YoY). Reported EBITDA came in at ₹1,329 crore with margins at 11.8% (down ~105 bps QoQ). EBITDA/tonne for the quarter (consolidated) stood at ₹22,884 vs ₹22,670 in Q4FY26. Consolidated PAT stood at ₹769 crore (up 8% YoY).

Investment Rationale:

- **Structural Industry tailwinds and capacity expansion to drive long term growth:** Stainless steel, known for its durability, lightweight, and corrosion resistance, continues to gain prominence in core infrastructure applications. India's stainless-steel consumption grew at a healthy CAGR of 13% over FY21–25. However, with per capita consumption at merely ~3 kg (vs global average of ~6 kg), ample scope for growth remains. As India's largest stainless-steel producer with 3 MTPA capacity, JSL is well positioned to capitalize on this structural uptrend with its newly commissioned 1.2 MTPA melting shop in Indonesia (JV with 49% equity), which will drive volume growth ahead. Further, the proposed ~4 MTPA greenfield project in Maharashtra is expected to drive the company's next phase of growth beyond FY29.
- **Product mix enrichment and backward integration support profitability:** JSL continues to strengthen its value-added product portfolio through HRAP and CRAP additions at its Odisha facility, alongside a ~₹900 crore investment to expand cold rolling capacity. Additionally, its 49% stake in a 0.2 MTPA nickel pig iron project is expected to secure cost-efficient access to Nickel, which is key raw material of stainless-steel production. Despite temporary disruptions from lower LPG availability & logistics issues arising from the West Asia conflict, consolidated EBITDA/tonne remained resilient at ~₹22,900 in Q1FY27. As operations normalise, EBITDA/ton is projected at ₹23k/₹24.5k in FY27E/FY28E (vs earlier estimates of ₹20k/₹22.1k).
- **Healthy B/S leverage with improving return ratios insight:** JSL continues to maintain a strong balance sheet, with net debt-to-EBITDA <1x despite undertaking a capex programme of ~₹5,400 crore. As newly commissioned capacities ramp up, annual operating cash flows are expected to >₹5,000 crore, supporting further deleveraging. Consequently, return ratios are likely to improve, with RoCE projected to reach ~17.6% by FY28E.

Rating and Target Price: With unchanged volume growth guidance of 7-9% for FY27E despite 7% volume decline in Q1FY27, coupled with easing cost pressures both from the raw material as well as energy costs, amid unchanged fundamental drivers for growth, we turn positive on JSL. Thus, we upgrade the stock rating from HOLD to **BUY** on Jindal Stainless, with target price of **₹915** i.e. 10.5x on FY28E EV/EBITDA.

JINDAL STAINLESS

Result Update

ICICI Securities – Retail Equity Research

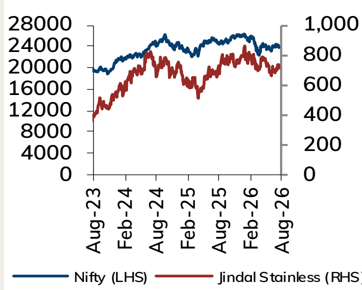
Particulars

Particulars	₹ crore
Market capitalisation	60,950
Total Debt (FY26P)	7,342
Cash & Investment (FY26P)	2,936
EV (₹ crore)	65,356
52-week H/L (₹)	884 / 652
Equity capital (₹ crore)	165
Face value (₹)	2

Shareholding pattern

	Sep-25	Dec-25	Mar-26	June-26
Promoters	61.2	61.2	62.0	62.0
FII	21.4	21.5	20.9	20.5
DIIs	7.1	7.2	7.2	7.4
Others	10.3	10.0	9.9	10.1

Price Chart



Key risks

- Reported steady Q1FY27 results. Sales/EBITDA is expected to grow at ~13%/14% CAGR over FY26-28E.
- **Key Risk:** i) prolonged conflict could drive up operational costs further weighing on performance (ii) higher surge in cheap imports will put downward pressure on the company's realization & margins.

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Key Financial Summary

Key Financials (₹ crore)	FY23	FY24	FY25	FY26P	5-year CAGR (FY21-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Net Sales	35,697	38,562	39,312	42,955	7.0%	50,576	54,615	12.8%
EBITDA	3,586	4,704	4,667	5,560	2.2%	6,325	7,264	14.3%
EBITDA Margins (%)	10.0	12.2	11.9	12.9		12.5	13.3	
Net Profit	2,115	2,713	2,506	3,193	0.9%	3,746	4,552	19.4%
EPS (₹)	25.7	32.9	30.4	38.8		45.5	55.2	
P/E	28.8	22.5	24.3	19.1		16.3	13.4	
RoNW (%)	18.4	18.7	14.9	16.4		16.3	16.9	

Source: Company, ICICI Direct Research

Key Takeaways of Recent Quarter

Q1FY27 Results: Reported a Steady Performance

- Total operating income on consolidated basis came in at ₹11,279 crore (up 11% YoY, down 1% QoQ) with stainless steel sales volume stood at ~5.8 lakh tons (down 7% YoY and 10% QoQ). Notably, the standalone average blended realization was up ~9% QoQ to ~₹1.83 lakh/ton in Q1FY27.
- Reported consolidated EBITDA for Q1FY27 stood at ₹1,329 crore with corresponding EBITDA margins at 11.8% (down ~105 bps QoQ). Additionally, EBITDA/tonne stood at ₹22,884/tonne in Q1FY27 vs ₹22,670/tonne in Q4FY26, on the consolidated basis.
- PAT stood at ₹769 crore (up ~8% YoY). Net Debt stood at ₹20,672 crore with Net Debt/EBITDA at 0.53x as of June'26 (vs 0.55x as of Mar'26).

Q1FY27 Earnings Conference Call Highlights

- **Domestic Stainless Steel:** JSL witnessed a demand resilience from key end-user industries including automotive, railways, metro projects and white goods in the quarter. It expects demand from railway sector to remain robust as Vande Bharat coaches continue to shift from ferritic to high-strength austenitic stainless steel, while new projects such as Karnataka's K-RIDE are expected to further expand the use of stainless steel in coach manufacturing.
- **Series Mix:** Revenue contribution from Series 200/300/400 stood at 35%/47%/18% in Q1FY27 (vs 38%/43%/19% in Q4FY26), respectively.
- **Middle East Impact:** The government restrictions on LPG and propane supplies had led to temporary procurement of fuel from the open market, where prices surged to ~3x. Moreover, the logistics disruptions further impacted production during the initial weeks of Q1FY27. To mitigate future disruptions, JSL has reduced its dependence on LPG and propane by introducing piped natural gas at its Jajpur facility, with similar projects planned for the other plants.
- **Capex:** JSL reiterated all announced expansion projects remain on schedule. FY27 capex guidance has been maintained at ~₹2,800 crore, primarily directed towards downstream value-added products. The company's cold rolling capacity is expected to increase from 2.0 MTPA to around 2.67 MTPA by FY28. Ongoing projects include downstream expansions at Jajpur, Hisar and Kharagpur, with the HRAP facility expected to be commissioned during Q3FY27. It also confirmed that the Maharashtra greenfield project continues to progress, although land acquisition remains under discussion.
- **Exports:** Export volumes for the quarter remained stable on an absolute basis, with its volume contribution increased due to lower domestic sales volume in Q1FY27. It is actively expanding into higher-margin markets including Japan, South Korea, Brazil and other South American countries, where it supplies specialized stainless-steel grades products.
- **Guidance:** JSL has maintained a volume growth guidance of ~7-9% in FY27. Moreover, the capacity utilization reported a declined ~70% during Q1FY27 due to gas shortages, which is expected to improve in Q2FY27 as operations normalize. Also, it has reiterated EBITDA/tonne guidance in the range of ₹18,000-20,000 for H1FY27, while indicating that any revision would be considered after Q2 based on evolving market conditions.

Exhibit 1: Key Assumptions

Particulars	FY21	FY22	FY23	FY24	FY25	FY26P	FY27E	FY28E
Sales Volume	8,24,825	16,70,618	17,64,405	21,74,610	23,73,069	25,65,902	27,44,555	29,63,100
Blended Realisations (₹/tonne)	1,47,770	1,95,931	2,02,318	1,77,331	1,65,660	1,67,406	1,84,278	1,84,316
EBITDA/tonne (₹/tonne)	17,267	30,471	20,325	21,633	19,665	21,670	23,047	24,514

Source: ICICI Direct Research

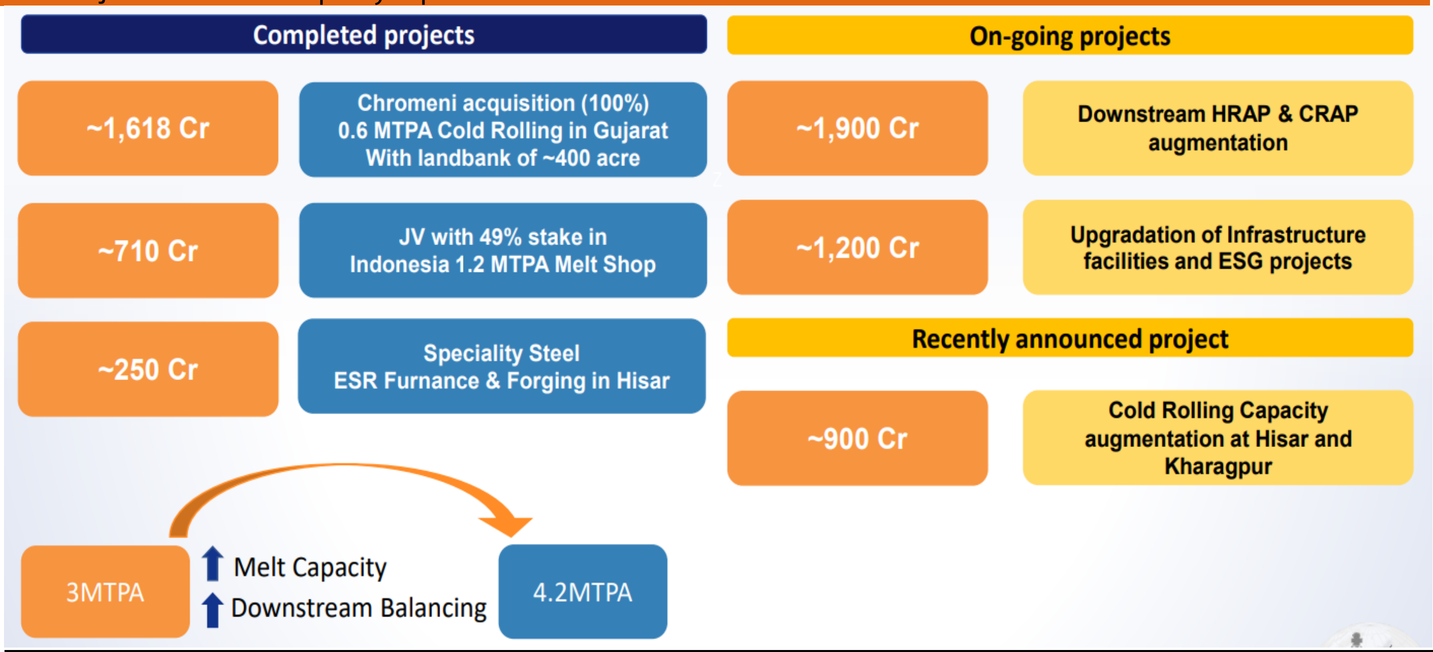
Key Tables and Charts

Exhibit 2: Quarterly Analysis

	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Total Operating Income	11,279	10,207	10.5	11,337	-0.5
Raw Material Expenses	7,069	6,738	4.9	7,565	-6.6
Employee Expenses	293	244	20.0	244	20.1
Power & Fuel expenses	1,176	673	74.8	682	72.4
Other expenses	1,412	1,243	13.6	1,392	1.5
EBITDA	1,329	1,310	1.5	1,455	-8.6
EBITDA Margin (%)	11.8%	12.8%	-105 bps	12.8%	-105 bps
Other Income	118	69	71.9	91	30.5
Depreciation	302	252	20.1	278	8.9
Interest	146	144	1.4	149	-1.8
Exceptional Gain/ (Loss)	0	0	NA	-46	NA
Share of profit of investments accounted for using equity method	35	-14	NA	39	NA
Tax	265	254	4.1	278	-4.7
PAT	769	715	7.6	834	-7.9
Key Metrics					
Standalone Sales Volume (in tonne)	5.81	6.26	-7.3	6.42	-9.5
Standalone Blended Realisation (₹/tonne)	1,83,823	1,65,117	11.3	1,68,704	9.0
Consolidated EBITDA (₹/tonne)	22,884	20,915	9.4	22,670	0.9

Source: Company, ICICI Direct Research

Exhibit 3: Jindal Stainless- Capacity Expansion



Source: Company, ICICI Direct Research

Exhibit 4: Change in Estimates

Change in estimates (₹ crore)	FY27E			FY28E		
	Old	New	% Change	Old	New	% Change
Total Op. Income	48,654	50,576	4.0	54,622	54,615	0.0
EBITDA	5,590	6,325	13.2	6,746	7,264	7.7
Margins (%)	11.5	12.5	101 bps	12.4	13.3	90 bps
PAT	3,218	3,746	16.4	4,113	4,552	10.7
EPS (₹)	39.1	45.5	16.4	49.9	55.2	10.7

Source: ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26P	FY27E	FY28E
Total Operating Income	39,312	42,955	50,576	54,615
Growth (%)	1.9	9.3	17.7	8.0
Raw Material Expenses	26,866	28,511	33,033	35,499
Employee Expenses	856	989	1,191	1,365
Other Operating Expense	6,924	7,894	10,027	10,486
Total Expenditure	34,646	37,394	44,251	47,351
EBITDA	4,667	5,560	6,325	7,264
Growth (%)	-0.8	19.2	13.8	14.8
Depreciation	955	1,060	1,214	1,283
Interest	612	568	582	447
Other Income	291	351	430	485
Share of Profit of JV	-44	17	50	60
PBT	3,347	4,300	5,010	6,078
Exceptional Item	7	58	0	0
Total Tax	839	1,058	1,259	1,519
PAT post Minority Interest	2,506	3,193	3,746	4,552
Growth (%)	-7.6	27.4	17.3	22
EPS (₹)	30.4	38.8	45.5	55.2

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26P	FY27E	FY28E
Profit after Tax	2,506	3,193	3,746	4,552
Add: Depreciation	955	1,060	1,214	1,283
(Inc)/dec in Current Assets	-2,126	-255	-2,273	-1,310
Inc/(dec) in CL and Provisions	2,624	361	2,042	1,097
Others	612	568	582	447
CF from operating activities	4,571	4,928	5,311	6,069
(Inc)/dec in Investments	49	-34	-110	-160
(Inc)/dec in Fixed Assets	-2,605	-4,151	-2,800	-3,000
Others	-1,295	-464	-55	-55
CF from investing activities	-3,851	-4,649	-2,965	-3,215
Issue/(Buy back) of Equity	0	0	0	0
Inc/(dec) in loan funds	350	1,044	-1,000	-1,500
Dividend & interest outgo	-859	-898	-952	-900
Inc/(dec) in Share Cap	0	0	0	0
Others	72	239	0	0
CF from financing activities	-438	386	-1,952	-2,400
Net Cash flow	282	664	394	454
Opening Cash	1,988	2,270	2,934	3,328
Closing Cash	2,270	2,934	3,328	3,782

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet ₹ crore

(Year-end March)	FY25	FY26P	FY27E	FY28E
Liabilities				
Equity Capital	165	165	165	165
Reserve and Surplus	16,524	19,627	23,002	27,101
Total Shareholders' funds	16,688	19,792	23,167	27,266
Total Debt	6,298	7,342	6,342	4,842
Deferred Tax Liability	1,300	1,356	1,356	1,356
Minority Interest / Others	537	519	524	529
Total Liabilities	24,823	29,008	31,388	33,992
Assets				
Gross Block	19,000	23,128	24,734	27,234
Less: Acc Depreciation	5,109	6,169	7,383	8,667
Net Block	13,891	16,958	17,351	18,567
Capital WIP	1,783	1,806	3,000	3,500
Total Fixed Assets	15,674	18,765	20,351	22,067
Investments	2,556	2,806	2,966	3,176
Inventory	9,700	9,508	11,085	11,970
Debtors	3,107	3,086	3,464	3,741
Loans and Advances	450	664	708	710
Other Current Assets	1,717	1,972	2,244	2,391
Cash	2,270	2,934	3,328	3,782
Total Current Assets	17,244	18,163	20,829	22,594
Current Liabilities	9,140	8,266	9,700	10,474
Provisions	77	120	141	153
Current Liabilities & Prov	11,335	11,696	13,738	14,835
Net Current Assets	5,909	6,467	7,091	7,758
Others Assets	685	971	981	991
Application of Funds	24,823	29,008	31,388	33,992

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY25	FY26P	FY27E	FY28E
Per share data (₹)				
EPS	30.4	38.8	45.5	55.2
Cash EPS	42.0	51.6	60.2	70.8
BV	202.6	240.2	281.2	330.9
DPS	3.0	4.0	4.5	5.5
Cash Per Share	27.6	35.6	40.4	45.9
Operating Ratios (%)				
EBITDA Margin	11.9	12.9	12.5	13.3
PAT Margin	6.4	7.4	7.4	8.3
Inventory days	90.1	80.8	80.0	80.0
Debtor days	28.8	26.2	25.0	25.0
Creditor days	84.9	70.2	70.0	70.0
Return Ratios (%)				
RoE	14.9	16.4	16.3	16.9
RoCE	15.0	15.5	16.3	17.6
RoIC	17.9	18.5	20.5	22.6
Valuation Ratios (x)				
P/E	24.2	19.0	16.4	13.5
EV / EBITDA	13.8	11.7	10.2	8.6
EV / Net Sales	1.6	1.5	1.3	1.1
Market Cap / Sales	1.5	1.4	1.2	1.1
Price to Book Value	3.6	3.1	2.6	2.3
Solvency Ratios				
Debt/EBITDA	1.3	1.3	1.0	0.7
Debt / Equity	0.4	0.4	0.3	0.2
Current Ratio	1.6	1.8	1.7	1.7
Quick Ratio	0.5	0.6	0.6	0.6

Source: Company, ICICI Direct Research

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Reduce: -15% to -5%;

Sell: <-15%

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