

Healthy growth to resume from H2-FY27E...

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).

Q2FY27 results: JSL reported muted performance in Q2FY27. Consolidated topline for the quarter stood at ₹12,874 crore (up 18% YoY) with stainless steel sales volume at 6.64 lakh tons, (up 2.5% YoY). Reported EBITDA came in at ₹1,433 crore with margins at 11.1% (down ~65 bps QoQ). EBITDA/tonne for the quarter (consolidated) stood at ₹21,568 vs ₹22,884 in Q1FY27. Consolidated PAT stood at ₹898 crore (up 11% YoY), supported by higher other income and exceptional gains.

Investment Rationale:

- Structural Industry tailwinds and capacity expansion to drive long term growth:** Stainless steel, known for its durability, lightweight, and corrosion resistance features, 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 ~3.4kg (vs global average of ~6 kg), ample headroom for growth remains. As India's largest producer with 3 MTPA capacity domestically, JSL is well positioned to capitalize on this structural uptrend. It will also be supported by its newly commissioned 1.2 MTPA melting shop in Indonesia (49% JV), which will drive volume growth ahead. Further, the proposed ~4 MTPA greenfield project in Maharashtra is expected to drive JSL's next phase of growth beyond FY29E. It has reiterated its 3.5 MT sales target by FY29E.
- Product mix enrichment and backward integration support profitability:** JSL continues to strengthen its value-added product portfolio through capacity additions at its Odisha facility, alongside enhanced product mix across 200/300 series (high margin), focus on cold rolled products and sustained export component of sales. 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. With negative operating leverage and higher logistics costs amid West Asia conflict, consolidated EBITDA/tonne moderated to ~₹21,568 in Q2FY27, however, guidance for EBITDA/tonne stands upgraded from ₹18k-20k to ₹20k-22k/tonne for FY27E. As operations normalise, EBITDA/ton is projected at ₹ 21.8k/₹22.5k/₹23k in FY27E/FY28E/FY29E.
- 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% by FY29E.

Rating and Target Price: With improved EBITDA/tonne guidance of ₹20-22k for FY27E despite 6% QoQ decline in Q2FY27, coupled with resilient demand, improved product mix and JSL's leadership in the space, amid unchanged fundamental drivers for growth, we remain positive on JSL. Thus, we retain **BUY** rating on Jindal Stainless, with target price of **₹900** i.e. ~10.5x on FY28E-29E average EV/EBITDA.

Key Financial Summary

Key Financial (₹ crore)	FY23	FY24	FY25	FY26	4-year CAGR (FY22-26)	FY27E	FY28E	FY29E	3-year CAGR (FY26-29E)
Net Sales	35,697	38,562	39,312	42,955	7.0%	50,289	54,014	58,927	11.1%
EBITDA	3,586	4,704	4,667	5,560	2.2%	5,872	6,617	7,366	9.8%
EBITDA Margins (%)	10.0	12.2	11.9	12.9		11.7	12.3	12.5	
Net Profit	2,115	2,713	2,506	3,193	0.9%	3,483	3,983	4,429	11.5%
EPS (₹)	25.7	32.9	30.4	38.8		42.3	48.3	53.8	
P/E	26.9	20.9	22.7	17.8		16.3	14.3	12.8	
RoNW (%)	18.4	18.7	14.9	16.4		15.0	15.2	14.7	

Source: Company, ICICI Direct Research



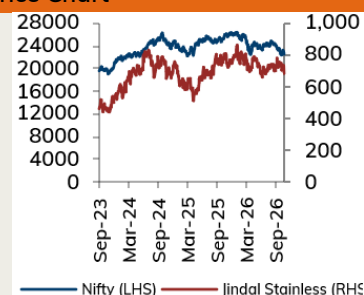
Particulars

Particulars	₹ crore
Market capitalisation	56,832
Total Debt (FY26)	7,342
Cash & Investment (FY26)	2,936
EV (₹ crore)	61,238
52-week H/L (₹)	884 / 652
Equity capital (₹ crore)	165
Face value (₹)	2

Shareholding pattern

	Dec-25	Mar-26	June-26	Sept-26
Promoters	61.2	62.0	62.0	62.5
FII	21.5	20.9	20.5	20.1
DII	7.2	7.2	7.4	7.7
Others	10.0	9.9	10.1	9.6

Price Chart



Key risks

- Reported muted Q2FY27 results. Sales/EBITDA is expected to grow at ~11%/10% CAGR over FY26-29E.
- Key Risk:** i) prolonged conflict could drive up operational costs further weighing on performance (ii) surge in cheap imports will put downward pressure on JSL's ASP's & margins.

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Key Takeaways of Recent Quarter

Q1FY27 Results: Reported a Steady Performance

- Total operating income on consolidated basis came in at ₹12,874 crore (up 18% YoY and 14% QoQ) with stainless steel sales volume stood at ~6.6 lakh tons (up 3% YoY and 14% QoQ). Notably, the standalone average blended realization was up 2.3% YoY to ~₹1.72 lakh/ton in Q2FY27.
- Reported consolidated EBITDA for Q2FY27 stood at ₹1,433 crore with corresponding EBITDA margins at 11.1% (down ~70 bps QoQ). Additionally, EBITDA/tonne stood at ₹21,568/tonne in Q2FY27 vs ₹22,884/tonne in Q1FY27, on the consolidated basis.
- PAT stood at ₹898 crore (up ~11% YoY). Net Debt stood at ₹3,121 crore with Net Debt/EBITDA at 0.55x as of Sept'26 (vs 0.55x as of Mar'26).

Q1FY27 Earnings Conference Call Highlights

- **Domestic Stainless Steel:** The domestic market grew 14% QoQ. JSL witnessed a healthy demand led by automotive, railways, metros and white goods. Strong momentum in automotive and ornamental pipes and tubes drove a high share of value-added products while plates and other grades gained acceptance in white goods and lift applications.
- **Series Mix:** Revenue contribution from Series 200/300/400 stood at 37%/47%/16% in Q2FY27 (vs 35%/47%/18% in Q1FY27), respectively.
- **Geopolitical Impact and Raw Material:** The gas supply was stable in the quarter with no logistic problems. To mitigate future disruptions, JSL has reduced its dependence on propane by using piped natural gas at its Jajpur facility, with similar projects planned for the other plants. Alongside, nickel prices peaked in Q1 but fell in Q2 and as purchases carry a lag, raw material costs in Q2FY27 have seen the impact and management anticipates normalisation going forward.
- **Capex:** JSL reiterated all announced expansion projects remain on track. FY27 capex guidance has been maintained at ~₹2,400-2,600 crore. Some of the cold mills are under commissioning. Ongoing projects include downstream expansions at Jajpur, Hisar and Kharagpur, with the HRAP facility expected to be commissioned during CY26-end/early-CY27. The Maharashtra greenfield project continues to progress, although land acquisition remains a laggard.
- **Exports:** Export volumes for the quarter grew 20% QoQ and 36% YoY. While EU has imposed duty-free quota cut for Indian exports, JSL is actively expanding into higher-margin markets including Japan, South Korea, Brazil and other countries, and has more than offset the losses from EU cut down.
- **Imports and ADD:** The influx of Chinese imports has hit the 200 series where the domestic MSME players are more exposed rather than giant players. The imports in first 4 months of FY27 were ~66% of total FY26 imports. On the remedial front, management expects positive outcome from the decision of ongoing DGTR investigations on rising subpar imports from China & Indonesia after the Quality Control Order was suspended.
- **Guidance:** JSL has cut the volume growth guidance to 4-6% from 7-9% earlier for FY27E, reflecting on Q1 hit while the lower end of 4% growth implies 10-14% volume growth in H2FY27. Alongside, it has upgraded its EBITDA/tonne guidance in the range of ₹20,000-22,000 for FY27E (earlier ₹18,000-20,000/tonne). Management reiterated the target of 3.5 million tonnes sales by FY29E.

Exhibit 1: Key Assumptions

Particulars	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Sales Volume	1,670,618	1,764,405	2,174,610	2,373,069	2,565,902	2,694,183	2,936,850	3,202,500
Blended Realisations (₹/tonne)	195,931	202,318	177,331	165,660	167,406	186,659	183,917	184,004
EBITDA/tonne (₹/tonne)	30,471	20,325	21,633	19,665	21,670	21,796	22,530	23,001

Source: ICICI Direct Research

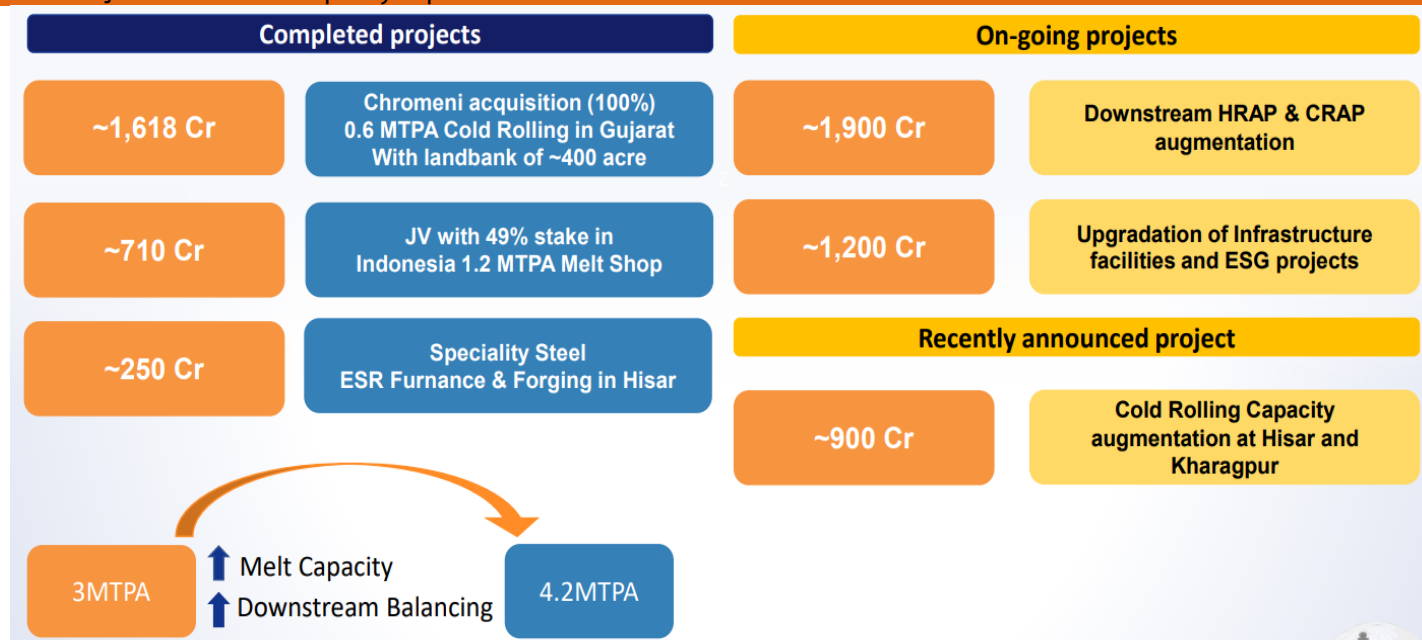
Key Tables and Charts

Exhibit 2: Quarterly Analysis

	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Total Operating Income	12,874	10,893	18.2	11,279	14.1
Raw Material Expenses	9,026	7,267	24.2	7,069	27.7
Employee Expenses	276	245	12.4	293	-5.8
Power & Fuel expenses	865	686	26.1	1,176	-26.4
Other expenses	1,274	1,307	-2.5	1,412	-9.8
EBITDA	1,433	1,388	3.2	1,329	7.8
EBITDA Margin (%)	11.1%	12.7%	-161 bps	11.8%	-65 bps
Other Income	134	90	49.1	118	13.0
Depreciation	299	262	14.1	302	-1.1
Interest	165	141	17.0	146	12.7
Exceptional Gain/ (Loss)	116	17	568.6	0	NA
Share of profit of investments accounted for using equity method	-18	-14	NA	35	NA
Tax	303	271	12.2	265	14.5
PAT	898	808	11.1	769	16.8
Key Metrics					
Standalone Sales Volume (in lakh tonne)	6.64	6.48	2.5	5.81	14.4
Standalone Blended Realisation (₹/tonne)	171,789	167,902	2.3	183,823	-6.5
Consolidated EBITDA (₹/tonne)	21,568	21,416	0.7	22,884	-5.8

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			FY29E
	Old	New	% Change	Old	New	% Change	Introduced
Total Op. Income	50,576	50,289	-0.6	54,615	54,014	-1.1	58,927
EBITDA	6,325	5,872	-7.2	7,264	6,617	-8.9	7,366
Margins (%)	12.5	11.7	-82 bps	13.3	12.3	-105 bps	12.5
PAT	3,746	3,483	-7.0	4,552	3,983	-12.5	4,429
EPS (₹)	45.5	42.3	-7.0	55.2	48.3	-12.5	53.8

Source: ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement

₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Total Operating Income	42,955	50,289	54,014	58,927
Growth (%)	9.3	17.1	7.4	9.1
Raw Material Expenses	28,511	33,738	36,189	39,481
Employee Expenses	989	1,117	1,242	1,355
Other Operating Expense	7,894	9,562	9,966	10,725
Total Expenditure	37,394	44,417	47,397	51,561
EBITDA	5,560	5,872	6,617	7,366
Growth (%)	19.2	5.6	12.7	11.3
Depreciation	1,060	1,207	1,323	1,444
Interest	568	593	458	325
Other Income	351	451	475	518
Share of Profit of JV	17	40	45	50
PBT	4,300	4,563	5,356	6,165
Exceptional Item	58	-116	0	0
Total Tax	1,058	1,192	1,366	1,572
PAT post Minority Interest	3,193	3,483	3,983	4,429
Growth (%)	27.4	9.1	14	11
EPS (₹)	38.8	42.3	48.3	53.8

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement

₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Profit after Tax	3,193	3,483	3,983	4,429
Add: Depreciation	1,060	1,207	1,323	1,444
(Inc)/dec in Current Assets	-255	-2,176	-1,205	-1,654
Inc/(dec) in CL and Provisions	361	1,964	1,012	1,335
Others	568	593	458	325
CF from operating activities	4,928	5,071	5,572	5,878
(Inc)/dec in Investments	-34	-110	-160	-160
(Inc)/dec in Fixed Assets	-4,151	-2,400	-2,500	-3,000
Others	-464	-55	-55	-55
CF from investing activities	-4,649	-2,565	-2,715	-3,215
Issue/(Buy back) of Equity	0	0	0	0
Inc/(dec) in loan funds	1,044	-1,500	-1,500	-1,500
Dividend & interest outgo	-898	-964	-870	-778
Inc/(dec) in Share Cap	0	0	0	0
Others	239	0	0	0
CF from financing activities	386	-2,464	-2,370	-2,278
Net Cash flow	664	42	486	385
Opening Cash	2,270	2,934	2,977	3,463
Closing Cash	2,934	2,977	3,463	3,848

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet

₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Liabilities				
Equity Capital	165	165	165	165
Reserve and Surplus	19,627	22,739	26,311	30,286
Total Shareholders' funds	19,792	22,904	26,475	30,451
Total Debt	7,342	5,842	4,342	2,842
Deferred Tax Liability	1,356	1,356	1,356	1,356
Minority Interest / Others	519	524	529	534
Total Liabilities	29,008	30,625	32,701	35,182
Assets				
Gross Block	23,128	24,334	26,334	27,834
Less: Acc Depreciation	6,169	7,376	8,700	10,143
Net Block	16,958	16,958	17,634	17,691
Capital WIP	1,806	3,000	3,500	5,000
Total Fixed Assets	18,765	19,958	21,134	22,691
Investments	2,806	2,966	3,176	3,386
Inventory	9,508	11,022	11,839	12,916
Debtors	3,086	3,444	3,700	4,036
Loans and Advances	664	704	702	766
Other Current Assets	1,972	2,234	2,370	2,547
Cash	2,934	2,977	3,463	3,848
Total Current Assets	18,163	20,382	22,073	24,112
Current Liabilities	8,266	9,645	10,359	11,301
Provisions	120	140	151	165
Current Liabilities & Prov	11,696	13,660	14,672	16,007
Net Current Assets	6,467	6,721	7,401	8,106
Others Assets	971	981	991	1,001
Application of Funds	29,008	30,625	32,701	35,182

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY26	FY27E	FY28E	FY29E
Per share data (₹)				
EPS	38.8	42.3	48.3	53.8
Cash EPS	51.6	56.9	64.4	71.3
BV	240.2	278.0	321.3	369.6
DPS	4.0	4.5	5.0	5.5
Cash Per Share	35.6	36.1	42.0	46.7
Operating Ratios (%)				
EBITDA Margin	12.9	11.7	12.3	12.5
PAT Margin	7.4	6.9	7.4	7.5
Inventory days	80.8	80.0	80.0	80.0
Debtor days	26.2	25.0	25.0	25.0
Creditor days	70.2	70.0	70.0	70.0
Return Ratios (%)				
RoE	16.4	15.0	15.2	14.7
RoCE	15.5	15.2	16.2	16.8
RoIC	18.5	19.0	20.8	22.8
Valuation Ratios (x)				
P/E	17.8	16.3	14.3	12.8
EV / EBITDA	11.0	10.1	8.7	7.5
EV / Net Sales	1.4	1.2	1.1	0.9
Market Cap / Sales	1.3	1.1	1.1	1.0
Price to Book Value	2.9	2.5	2.1	1.9
Solvency Ratios				
Debt/EBITDA	1.3	1.0	0.7	0.4
Debt / Equity	0.4	0.3	0.2	0.1
Current Ratio	1.8	1.7	1.7	1.7
Quick Ratio	0.6	0.6	0.6	0.6

Source: Company, ICICI Direct Research

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