

Long growth runway; well-placed as industry leader in stainless steel

JDSL expects to sustain robust volume growth

We met the management of Jindal Stainless (JDSL) to discuss the industry outlook and demand trends, as well as the company's expansion roadmap, raw material sourcing strategy and regulatory outlook. Here are some key takeaways from the interactions:

Expansion to strengthen global leadership and long-term growth visibility

- **JDSL's long-term sustainable growth strategy focuses on capacity expansion, raw material security, and product-mix and VAP.** The aim is to create long-term growth headroom while insulating the business from price volatility and expanding margins.
- Management has guided that the 1.2mtpa Indonesia SMS project (Tsingshan JV) is progressing as per schedule – to be completed by FY27 (total outlay INR14.5b - translating into USD143/t vs. ~USD230/t global Greenfield cost).
- Management stated that the downstream expansion at Jajpur (HR/CRAP + infra and RE) is expected to be commissioned by 3Q/4QFY27. It will enhance the company's value-added capacity.
- The company has integrated JUSL, adding 3.2mtpa HSM and 0.2mtpa CRM capacity, which will support incremental melt volumes. RSSL and RVPL produce long products for infra/construction segments, aiding product diversification.
- JDSL acquired Chromeni Steels (0.6mtpa) with the focus on improving the CR mix. Management indicated that the facility is ramping up well and has the potential to reach 4mtpa capacity (vs. ~2.1mtpa capacity currently).
- JDSL signed an MoU with Maharashtra government to develop a 4 x 1mtpa Greenfield project. Management expects this to come up in a phased manner over 10 years and will drive strong growth beyond FY28.

Regulatory tailwind could drive better NSR and support SS spreads

- Management expects domestic demand to remain resilient at 7-9% CAGR in near to medium term, supported by strong traction from automotive, railways (Vande Bharat, Amrit Bharat, and metro projects), growing processing industry, white goods, and pipe & tube segments.
- On the export front, global trade sentiment remained subdued due to elevated uncertainties and protectionist measures in key western markets (US/EU – key export market for JDSL). Management expects that the EU-India FTA and the US-India trade deal could indirectly support the downstream demand.
- Management indicated that DGTR is currently investigating anti-dumping duties, particularly on the 300/400 series (~75% of imports), and that it is expecting a potential clarity in 1HFY27, although timelines remain subject to procedural processes.
- The temporary relaxation of the quality control order (QCO) until Mar'26 has increased import inflows, maintaining pressure on the domestic market. Therefore, the implementation of these measures will support the domestic SS prices and improve SS spreads.

Jindal Stainless



**Mr. Tarun Kumar Khulbe, CEO
& CFO**

Mr. Khulbe is an industry veteran with 35 years of experience. He joined JSDL in Oct'04 as General Manager of the cold rolling mills in Hisar. In 2012, he was appointed Head of stainless steel operations and in 2015 got elevated to the role of Director and Chief Operating Officer, leading major transformation initiatives across the business. He holds a degree in engineering from MITS, Gwalior, and an MBA from Jamnalal Bajaj Institute of Management Studies, Mumbai.

- Exports softened due to customers holding back orders amid the implementation of CBAM. While CBAM calculation thresholds have been announced, the absence of clarity on the verification methodology and authorized verifiers continues to create uncertainty.
- Management guided that the imports are the key competitor for JDSL. Cheap SS imports, mainly from China, Vietnam and Indonesia, continue to weigh on India's SS market. In 9MFY26, SS imports in India stood at ~0.7mt vs. ~1mt in FY25 (~20% of domestic demand), which were typically priced 5-10% below local products.
- The company maintained its FY26 EBITDA/t guidance of INR19,000-21,000/t, noting that the 9M average of INR21,300/t provides adequate headroom to close the year at a higher range.

Securing stable RM supplies via JV and de-risking operation from the scrap-based business model

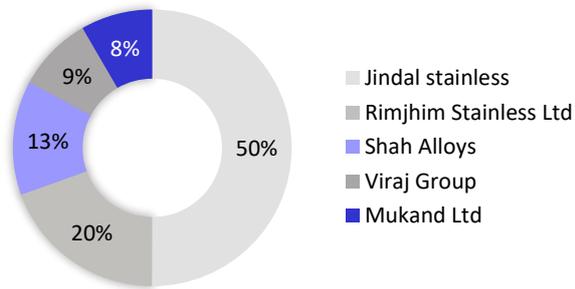
- Management reiterates its de-risking strategy from scrap-dependent model by securing stable raw material supplies through a JV in Indonesia. The raw materials form ~75% of stainless steel production costs, with nickel alone contributing 40-45%, making margins highly sensitive to nickel price swings.
- Management hinted the nickel deficit in India and unreliable domestic SS scrap have led to heavy reliance on imports (ferronickel, SS scraps, and semis). To address this, JDSL has acquired a 49% stake for USD157m in a JV with New Yaking (Tsingshan Group) to operate a 200kt NPI smelter (14% Ni) in Indonesia.
- Management had guided for EBITDA contribution in the range of USD500-1,500/t of nickel (vs ~USD900/t – 3QFY26), supported by nickel price improvement, which could result in a quick payback period.
- We believe that for a 3mtpa melt capacity, JDSL's estimated nickel requirement could be ~120-150kt. The company has secured ~11% of this requirement through the NPI route (~14kt Ni @ 100% utilization; as per 49% stake), reducing dependence on scrap/ferronickel and ensuring long-term nickel supply.

Valuation and view

- Overall, management strategy focuses on integrated capacity expansion, deeper raw material security, and a richer value-added portfolio to structurally improve NSR and margin stability, while regulatory headwinds could hinder the export volume, which could be offset by higher domestic volume in the near term.
- We remain structurally positive on JDSL, supported by its dominance in SS industry, a favorable industry outlook, and a strong balance sheet, providing visibility for steady growth and capital efficiency.
- The SS industry is set for strong growth, as India's SS consumption is expected to reach 7.3mt by FY31 and 12.5-20mt by 2047, backed by rising adaptability across sectors like infrastructure, manufacturing, automotive, consumer durables, and growing new-age sectors. We believe JDSL is well placed to capitalize on this robust demand outlook, with a higher VAP portfolio supporting margins.
- From being solely a flat SS producer to a diversified long SS player, JDSL has expanded into rebar, wire rods, and others, unlocking significant infrastructure opportunities. Additionally, its focus on value-added CR SS has strengthened its position in both domestic and export markets.
- **At CMP, the stock trades at 10.5x EV/EBITDA and 2.8x P/BV on FY27E. We reiterate our BUY rating with a TP of INR990 (premised on 12x EV/EBITDA Sep'27 estimate).**

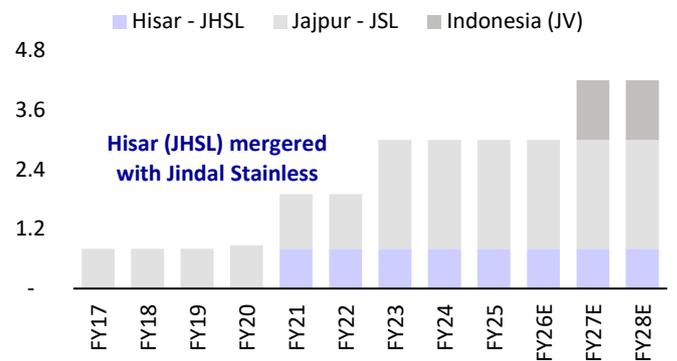
STORY IN CHARTS

Exhibit 1: JDSL holds ~40% share of India's total SS capacity



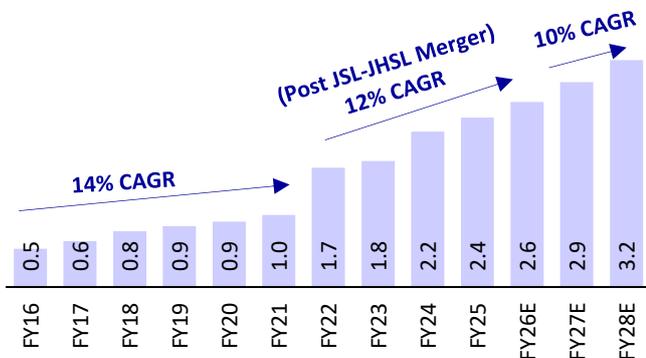
Source: Industry, MOFSL

Exhibit 2: Capacity targets to reach +4mtpa by FY27E



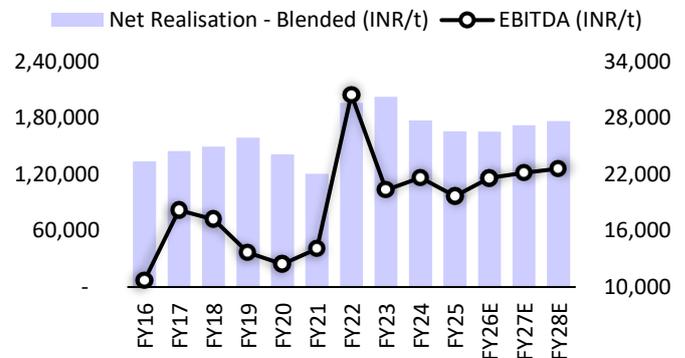
Source: Company, MOFSL

Exhibit 3: Strong volume growth led by capacity ramp-up



Source: MOFSL, Company

Exhibit 4: EBITDA to be over INR22,000/t over FY27-28E



Source: MOFSL, Company

Exhibit 5: Installed melt capacity by 40% to ~4.2mtpa, with downstream share rising to 1.2x of total melt capacity

Capacity (Mtpa)	Melt Shop	Upstream		Downstream Flat		Downstream Long	as % of Melt Shop	
		Hot Strip	Long	HRAP	CRAP	Pipes/Tubes	Downstream	Cold-Rolled
Capacity as of FY25	3.00	3.92	0.17	1.91	2.05	0.05	134%	70%
Indonesia	1.20	-	-	-	-	-		
Jajpur - Brownfield / Debottleneck	-	-	-	1.10	0.17	-		
Readjustment of Combo-line	-	-	-	(0.45)	0.30	-		
Total expansion plan	1.20	-	-	0.65	0.47	-		
Total post expansion	4.20	3.92	0.17	2.56	2.52	0.05	122%	61%

Source: Company, MOFSL

Exhibit 6: Likely to generate ~INR2-3b (at ~49% stakes) of operating profit, with a projected payback of ~5-6 years

Particular	JDSL (NPI JV)
NPI production	2,00,000
Nickel grade	14.0
Total nickel production	28,000
Expected EBITDA (USD/t)	2,000
EBITDA (USD m)	56.0
Capex (USD m)	320.0
Potential Payback Period (in years)	5.7

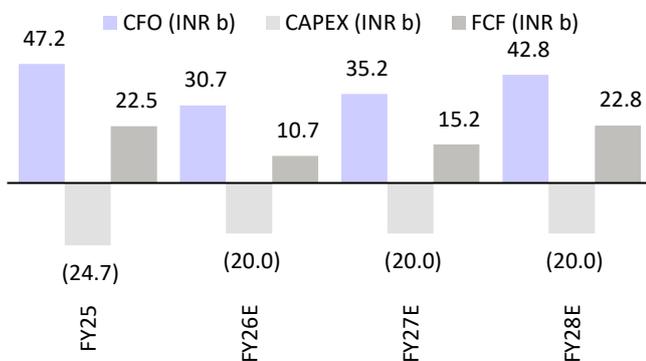
Source: Bloomberg, Company, MOFSL

Exhibit 7: 3QFY26 average SS 304 CRC prices stood at INR1,94,670/t, at a 6% premium to import parity prices

Particulars	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
SS 304 grade CR - India (A)	1,90,231	1,89,154	1,84,808	1,89,808	1,97,000	1,94,667
China FOB (USD/t)	2,084	2,046	1,906	1,910	1,912	1,888
Freight cost (USD/t)	10	10	10	10	10	10
CIF India (USD/t)	2,094	2,056	1,916	1,920	1,922	1,898
Assessable value (CIF x 1%)	2,115	2,077	1,935	1,939	1,941	1,917
Customs duty (%)	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Sub total	2,274	2,232	2,080	2,085	2,087	2,061
Anti-Dumping Duties-ADD (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Port Handling Charges	10	10	10	10	10	10
Total Landed cost in India (USD/t)	2,284	2,242	2,090	2,095	2,097	2,071
Total landed cost in India (INR/t) - (B)	1,91,322	1,89,232	1,81,039	1,79,266	1,82,633	1,84,504
USD/INR	83.8	84.4	86.6	85.6	87.1	89.1
Import parity prices (discount) / premium (%)	-1	0	2	6	8	6

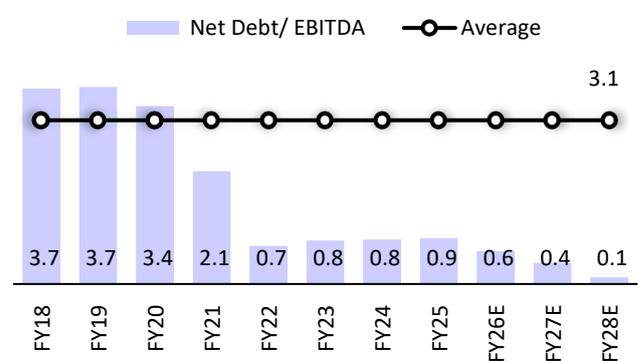
Source: Bloomberg, Company, MOFSL

Exhibit 8: Steady capex outgo over FY26-28E



Source: MOFSL, Company

Exhibit 9: Net debt/EBITDA likely to remain at the bottom



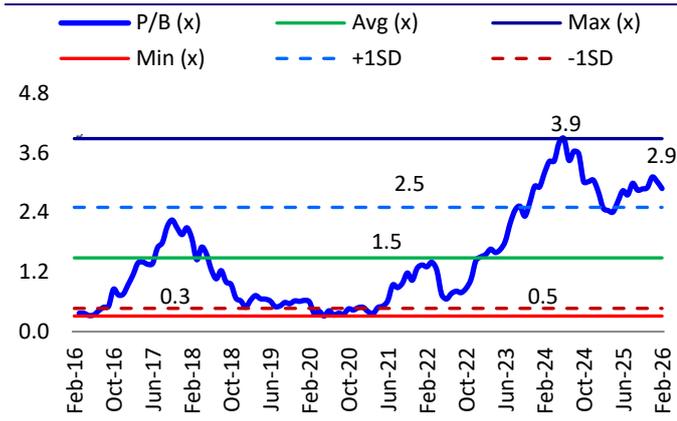
Source: MOFSL, Company

Exhibit 1: Consolidated operating performance estimates

Particular	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Volumes (mt)	1.0	1.7	1.8	2.2	2.4	2.6	2.9	3.2
Growth %	10.4	65.2	5.6	23.2	9.1	9.2	10.6	10.9
Net Realization (INR/t)	1,20,524	1,95,931	2,02,318	1,77,331	1,65,665	1,65,313	1,72,139	1,76,478
Growth %	(14.8)	62.6	3.3	(12.4)	(6.6)	(0.2)	4.1	2.5
EBITDA (INR/t)	14,083	30,471	20,325	21,633	19,666	21,598	22,152	22,595
Growth %	13.2	116.4	(33.3)	6.4	(9.1)	9.8	2.6	2.0

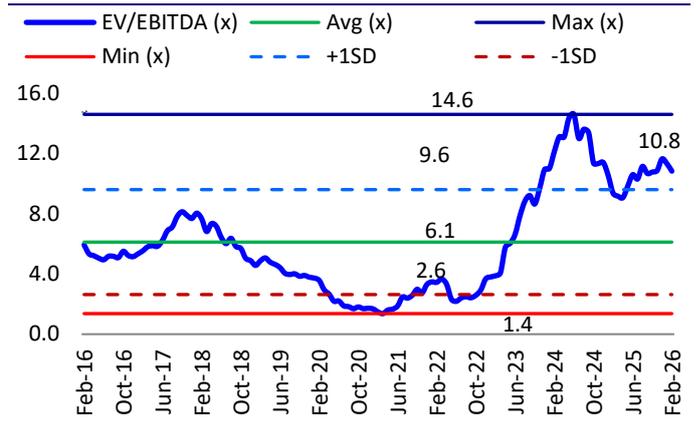
Source: MOFSL, Company

Exhibit 10: : P/B ratio trades near +1SD



Source: MOFSL

Exhibit 11: Even EV/EBITDA slipped close to +1SD



Source: MOFSL

Exhibit 2: TP calculations

Particular	UoM	Sep'27E
Target EV/EBITDA	x	12
Target EV	(INR b)	812
Net debt	(INR b)	17
Equity value	(INR b)	795
No. of Shares	(Nos. b)	0.8
TP		990
Upside %		27

Source: MOFSL, Company

Financials and valuations

Income statement (Consol)

(INR b)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	121.9	327.3	357.0	385.6	393.1	428.5	493.7	561.2
Change (%)	(5.9)	168.6	9.1	8.0	1.9	9.0	15.2	13.7
Total Expenses	107.6	276.4	321.1	338.6	346.5	372.5	430.2	489.3
EBITDA	14.2	50.9	35.9	47.0	46.7	56.0	63.5	71.9
% of Net Sales	11.7	15.6	10.0	12.2	11.9	13.1	12.9	12.8
Deprn. & Amortization	4.0	7.6	7.2	8.8	9.6	10.5	11.5	12.3
EBIT	10.2	43.3	28.6	38.3	37.1	45.5	52.1	59.5
Net Interest	4.8	3.4	3.2	5.5	6.1	5.7	6.4	7.1
Other income	0.4	0.7	1.3	1.7	2.9	3.4	3.7	3.9
PBT before EO	5.8	40.6	26.6	34.4	33.9	43.2	49.4	56.3
EO income	(1.0)	-	-	(1.0)	0.1	0.1	-	-
PBT after EO	6.8	40.6	26.6	35.4	33.8	43.1	49.4	56.3
Tax	2.7	10.5	6.9	9.0	8.4	10.5	12.3	14.1
Rate (%)	39.5	25.9	25.9	25.4	24.8	24.4	25.0	25.0
PAT before MI and Asso.	4.1	30.1	19.7	26.4	25.4	32.6	37.0	42.2
Minority interests	0.0	0.3	(0.3)	(0.2)	(0.1)	0.0	-	-
Share of Associates	0.1	1.0	1.1	0.5	(0.4)	(0.2)	-	-
Reported PAT after MI and Asso.	4.2	30.8	21.1	27.1	25.1	32.3	37.0	42.2
Adj. PAT (after MI & Asso)	3.2	30.8	21.1	26.1	25.1	32.5	37.0	42.2
Change (%)	373.6	871.8	(31.3)	23.6	(3.9)	29.3	14.0	14.1

Balance sheet (Consol)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	1.0	1.1	1.6	1.6	1.6	1.6	1.6	1.6
Reserves	31.1	97.2	117.7	141.9	165.2	194.7	228.4	267.4
Net Worth	32.1	98.2	119.3	143.6	166.9	196.4	230.1	269.0
Minority Interest	0.1	0.7	0.4	0.2	0.2	0.2	0.2	0.2
Total Loans	31.5	39.2	38.7	59.5	63.0	66.9	75.6	83.9
Deferred Tax Liability	4.6	8.9	8.6	12.4	13.0	13.0	13.0	13.0
Capital Employed	71.1	150.8	171.3	219.9	247.1	280.5	322.8	370.1
Gross Block	81.2	112.5	131.9	164.6	182.1	200.1	224.1	248.1
Less: Accum. Deprn.	22.6	32.4	38.6	42.0	49.8	60.3	71.8	84.1
Net Fixed Assets	58.6	80.1	93.3	122.6	132.3	139.8	152.3	164.0
Capital WIP	0.6	11.7	14.1	21.1	33.6	35.6	31.6	27.6
Investments	7.0	14.2	12.7	16.7	27.8	27.8	27.8	27.8
Curr. Assets	41.2	119.9	151.1	147.8	168.0	181.6	219.5	268.4
Inventory	27.9	67.9	83.9	79.3	97.0	98.5	110.0	126.0
Account Receivables	9.3	38.6	36.6	28.4	31.1	33.7	42.3	50.6
Cash and Bank Balance	1.2	2.6	9.3	19.9	22.7	32.2	50.1	74.7
Others	2.8	10.9	21.3	20.3	17.2	17.2	17.2	17.2
Curr. Liability & Prov.	36.2	75.0	99.8	88.2	114.5	104.2	108.3	117.6
Account Payables	26.3	57.4	78.2	69.3	91.4	81.1	85.2	94.5
Provisions & Others	9.9	17.6	21.6	19.0	23.1	23.1	23.1	23.1
Net Current Assets	5.0	44.9	51.3	59.6	53.5	77.4	111.2	150.8
Appl. of Funds	71.1	150.8	171.3	219.9	247.1	280.5	322.8	370.1

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
EPS	6.5	58.6	25.7	31.7	30.5	39.4	44.9	51.3
Cash EPS	16.9	73.6	34.1	43.4	42.0	52.1	58.9	66.3
BV/Share	65.8	186.9	144.9	174.4	202.6	238.4	279.3	326.6
DPS	-	-	2.5	3.0	3.0	3.5	4.0	4.0
Pay-out (%)	-	-	9.7	9.1	9.9	8.9	8.9	7.8
Valuation (x)								
P/E	6.2	2.7	7.0	21.7	18.5	19.8	17.3	15.1
Cash P/E	3.2	2.2	5.2	16.4	13.3	14.9	13.2	11.7
P/BV	0.8	0.9	1.2	4.1	2.8	3.3	2.8	2.4
EV/Sales	0.5	0.4	0.5	1.6	1.3	1.6	1.3	1.2
EV/EBITDA	4.0	2.4	4.9	13.3	10.7	12.0	10.5	9.0
Dividend Yield (%)	-	-	1.4	0.4	0.5	0.5	0.5	0.5
Return Ratios (%)								
EBITDA Margins (%)	11.7	15.6	10.0	12.2	11.9	13.1	12.9	12.8
Net Profit Margins (%)	2.6	9.4	5.9	6.8	6.4	7.6	7.5	7.5
RoE	9.9	31.3	17.7	18.2	15.1	16.5	16.1	15.7
RoCE (pre-tax)	9.5	22.4	13.4	13.9	12.3	13.4	13.1	13.0
RoIC (pre-tax)	11.9	21.3	13.6	13.7	12.4	13.2	12.5	11.9
Working Capital Ratios								
Fixed Asset Turnover (x)	2.1	3.6	3.3	2.7	2.4	2.4	2.7	2.9
Asset Turnover (x)	1.1	1.4	1.3	1.3	1.1	1.1	1.1	1.2
Debtor (Days)	24	39	40	32	28	32	35	35
Inventory (Days)	89	91	93	90	94	100	100	100
Creditors(Days)	90	55	77	79	85	80	75	75
Working Capital (Days)	23	75	56	43	37	52	60	60
Leverage Ratio (x)								
Current Ratio	1.1	1.6	1.5	1.7	1.5	1.7	2.0	2.3
Interest Cover Ratio	2.1	12.6	8.8	6.9	6.1	8.0	8.1	8.3
Debt/Equity	0.9	0.4	0.2	0.3	0.2	0.2	0.1	0.0

Cash flow (Consol)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
EBITDA	14.2	50.9	35.9	47.0	46.7	56.0	63.5	71.9
(Inc)/Dec in Wkg. Cap.	(1.8)	(32.3)	2.0	7.5	6.6	(14.4)	(16.0)	(15.0)
Tax Paid	0.1	(8.6)	(7.5)	(7.4)	(6.2)	(10.5)	(12.3)	(14.1)
Others	0.5	0.4	0.6	1.0	0.1	(0.3)	-	-
CF from Op. Activity	13.1	10.4	31.0	48.2	47.2	30.7	35.2	42.8
(Inc)/Dec in FA + CWIP	(1.6)	(9.7)	(16.5)	(29.4)	(24.7)	(20.0)	(20.0)	(20.0)
(Pur)/sale of Invest.	(0.1)	(0.3)	(8.7)	(2.4)	(6.7)	-	-	-
Int. & Dividend Income	0.2	0.2	0.3	(1.6)	(3.0)	3.4	3.7	3.9
Others	(0.0)	-	-	-	-	-	-	-
CF from Inv. Activity	(1.5)	(9.9)	(24.8)	(33.4)	(34.4)	(16.6)	(16.3)	(16.1)
Equity raised/(repaid)	0.5	1.1	-	-	0.0	-	-	-
Debt raised/(repaid)	(8.3)	3.3	(0.8)	0.1	(10.2)	3.9	8.6	8.3
Dividend (incl. tax)	-	-	-	(2.9)	(2.4)	(5.7)	(6.4)	(7.1)
Interest paid	(3.4)	(3.3)	(3.0)	(5.3)	(5.9)	(2.9)	(3.3)	(3.3)
Other financing	(0.0)	(0.1)	(0.1)	(0.2)	(0.3)	-	-	-
CF from Fin. Activity	(11.2)	1.0	(3.9)	(8.3)	(18.8)	(4.6)	(1.1)	(2.1)
(Inc)/Dec in Cash	0.4	1.5	2.3	6.5	(6.0)	9.5	17.9	24.6
Add: opening Balance	0.4	0.9	2.4	4.7	12.3	6.3	15.8	33.7
Regrouping / transaction Adj.	0.0	-	0.0	1.1	0.1	-	-	-
Closing cash balance	0.8	2.4	4.7	12.3	6.3	15.8	33.7	58.3
Bank Balance	0.4	0.2	4.6	7.6	16.4	16.4	16.4	16.4
Closing Balance (incl. bank balance)	1.2	2.6	9.3	19.9	22.7	32.2	50.1	74.7

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

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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